MODERN CAPITALISM:

Its nature and national features

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СОВРЕМЕННЫЙ КАПИТАЛИЗМ:
ЕГО СУЩНОСТЬ
И НАЦИОНАЛЬНЫЕ ОСОБЕННОСТИ

на английском языке

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Publisher's Note

The International Conference of Communist and Workers' Parties held in Moscow in June 1969 declared that imperialism as a social system remains the chief obstacle to mankind's historically inevitable advance towards the triumph of freedom, peace and democracy. A concrete programme for fighting imperialism demands not only a proper understanding of its nature but also the study of new factors and processes deep at work within the capitalist world.

The development of modern capitalism shows that along with the objective trend towards the internationalization and interlocking of the economic activities of capitalist states in a single world imperialist system, there also exists a tremendous diversity of national characteristics. Therefore, in order to understand the future prospects of modern capitalist society, it is equally important to study the distinctive features of national types of imperialism and of individual imperialist states, and to make a theoretical analysis of the imperialist stage of capitalism.

This book is a collection of articles on this subject, in slightly abridged form, which have appeared in Soviet periodicals in 1968 and 1969.

On Modern Imperialism

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As pointed out by the June Plenary Meeting of the CPSU Central Committee, the Conference of 75 Communist and Workers' Parties held recently in Moscow was a major success of the communist, working-class and the entire liberation movements. The Conference made a detailed analysis of imperialism, its main features and peculiarities, its place in the modern world. This was needed to work out a concrete programme of anti-imperialist struggle which requires a correct understanding of the character and nature of imperialism and careful study of new phenomena and processes taking place in the capitalist world.

In analyzing modern imperialism the Conference dwelt on four groups of problems:

a) the correlation of forces in the world arena; appraisal of the potentialities of imperialism, and its inherent dangers;

b) new phenomena in the development of imperialism, above all its seeking to adapt itself to the conditions of the struggle between the two systems, to the demands of the scientific-technical revolution; the intensification of its state-monopoly character;

c) the basic contradictions of modern imperialism;

d) imperialist strategy in class struggle.

* * *

The 60's are notable for the relatively high rate of economic development of the main capitalist powers, a considerable growth of the military potential of the imperialist camp in general and the missile-nuclear potential of the United States in particular, and for the strengthening of West German and Japanese imperialism. At the same time these years are marked by the upsurge of socialism and the working-class and national-liberation movements, even though some revolutionary contingents have suffered temporary setbacks, for example in Indonesia, Greece and some other countries. One must also reckon with the fact that disagreements, connected, first of all, with the splitting, great-power chauvinistic policy of the present leadership of the Communist Party of China, have arisen in the world socialist system, in the world communist movement.

In view of this, the question arose whether the stipulation of the 1960 Meeting that the world socialist system and other anti-imperialist forces determine the main trend of present historic development is still valid. The 1969 Con-

ference has given a definite answer: life has convincingly shown that this stipulation holds good today.

The Conference's Document "Tasks at the Present Stage of the Struggle Against Imperialism and United Action of the Communist and Workers' Parties and All Anti-Imperialist Forces," reads: "Imperialism can neither regain its lost historical initiative nor reverse world development. The main direction of mankind's development is determined by the world socialist system, the international working class, all revolutionary forces."

What was the reason for this statement?

First, the successes of the world socialist system, the Soviet Union above all. Many fraternal countries have already created the basis of socialism and are proceeding to build a developed socialist society.

Second, the successes of the world working-class movement. Facts show that in the last few years the working class has again shown itself to be the main driving and mobilizing force of the revolutionary struggle, of the entire democratic anti-imperialist movement.

Third, the successes of the national-liberation movement. This movement has entered upon a new phase in many regions of Asia, Africa and Latin America in the last few decades; it has acquired an anti-capitalist character in some countries.

Examining the correlation of forces in the world, the Conference carefully analyzed the events connected with the Vietnamese war. This war is a kind of focal point, reflecting, in a concentrated form, many processes taking place

in the modern world. The Vietnamese events have shown convincingly that imperialism, particularly US imperialism which is the most powerful, has not succeeded in crushing the courageous Vietnamese people, despite the tremendous efforts and the use of a diabolical military machine; on the contrary, US imperialism is bound to be defeated in the war.

Having emphatically stressed that, as a world system, imperialism has not become stronger, that socialism is on the offensive and imperialism on the defensive, the Conference at the same time quite resolutely came out against any underestimation of imperialism's strength and capacities, against complacency and self-content. Imperialism is not a "paper tiger"; it was and remains a serious and dangerous enemy.

Everyone is aware of the unheard-of calamities and sufferings which imperialism has inflicted on nations—one need only recall the two world wars which took a toll of scores of millions of lives, the dark times of fascist rule in some capitalist countries, the sufferings, and privations of hundreds of millions of people in former colonial and dependent countries.

Lenin characterized imperialism's tendency of using the basic achievements of science and technology for extermination and destruction emphasizing that this tendency "might, that in fact, it inevitably would, undermine the very foundation of human society."[1] This kind of menace has become particularly real in our times in connection with imperialists' preparations for

[1] Lenin. *Coll. Works*, Vol. 27, p. 422.

another world war, a war with the use of nuclear missile weapons.

The events of the sixties have fully confirmed the relevance of another Leninist thesis—that all aspects of imperialism's policy are reactionary. Particularly dangerous for the nations is the tendency latent in monopoly capitalism to eliminate democratic freedoms, to establish authoritarian regimes and promote the growth of fascist and neo-fascist tendencies, imperialism's colonialist and neo-colonialist policies, the ideology of misanthropy and racialism.

The speeches at the Conference and all the Conference documents clearly depicted the danger of the militarist policy of imperialism. They stipulated that in our day the significance of such a very important problem of the international communist movement as the struggle for peace and security of nations does not diminish in the least, but acquires even greater importance, and the same is true of the issues of the struggle for banning nuclear weapons, for imposing on imperialism a peaceful coexistence of states with different social systems, for providing all-round support to the peoples subject to imperialism's aggressive encroachments.

* * *

A Marxist-Leninist approach in examining the processes in society requires a concrete analysis of actual reality, a study of phenomena in all their inter-connections and inner contradictions, the utmost heed to be paid to new processes, and ascertaining the tendencies of development. It is precisely these demands that the international

communist movement proceeds from in analyzing such important processes as the revolution in science and technology and the further development of state monopoly capitalism.

From the viewpoint of the struggle of the two world systems and the basic inner processes taking place in the capitalist countries, the current revolution in science and technology, which has a tremendous bearing on all areas of social endeavour, is of paramount importance.

A significant manifestation of this revolution is the mounting role of science which is becoming a real force in production. In the past 60 years the number of scientists and engineers engaged in research in the world has increased 75 times faster than the growth in population, allocations for science keep mounting in state budgets. The USA, for instance, has upped its expenditures on science from 3,000 million dollars in 1950, to 25,000 million dollars in 1968.

The revolution in science and technology leads to profound changes in the entire structure of social production. These changes are manifest in the greater role of such branches of industrial production as the power industry (including the atomic power industry), the latest types of chemical production and engineering, rapid development of electronic-computing machinery, steep growth of labour productivity in agriculture, expanded servicing, transport facilities, trade, education and public health.

Structural changes in the economy affect the distribution of social forces. There is an increase in the number of gainfully employed, in the size of the proletariat, a rise in its educational and professional standards, increasing stratification of

the peasantry and a rapid growth in the number of the intellectuals.

In the capitalist world the scientific and technological revolution is accompanied by further intensification of processes of the concentration and centralization of production and capital, the growing might of the monopolies and their fusion with the bourgeois state and a greater degree of state intervention in the economy.

It is indicative that whereas 200 of the largest industrial corporations in the United States accounted for 54.2% of the assets of the entire manufacturing industry in 1960, by the end of 1967 they upped the figure to 58.7%. In Western Europe such super concerns as the USINOR metallurgical trust in France and the steel syndicate in the FRG are fairly recent, and new international monopoly amalgamations are constantly appearing.

The growth of monopolies goes parallel with the setting up of ever more extensive economic complexes directed from a single centre. They have substantial advantages over individual enterprises and can benefit from specialization and cooperation of production, ensure the planned organization of production supplies and marketing, etc.

At the same time a considerable influence is exerted on the entire economic mechanism of present-day capitalism by such factors as the presence of a strong state sector in many countries, the state budgets absorbing 25 to 33% of the national income and the state accounting for 33 to 50% of basic capital investments and financing up to 66 per cent of the expenditure on research and development.

During the past decade new phenomena in state-monopoly capitalism have become far more widespread. This includes regulated programming of the economy on a national scale, in order to achieve long-term aims of monopoly capital. And there is the economic integration of a number of capitalist countries due to the objective requirements of developing productive forces and the desire to combine efforts to meet the challenge of socialism.

Monopoly capitalism resorts to these measures to avert the most dangerous social economic upheavals for the bourgeois system, to ensure a definite acceleration in the rate of economic development. Nevertheless, the strength and the potentialities of imperialism should not be overestimated. As pointed out by many Conference participants, it would be a profound mistake not to see that the measures which suit the interests of monopoly capital are unable to solve a number of age-old problems confronting capitalism, they cannot curb the spontaneous forces of the capitalist market.

Capitalist economy continues to develop in cycles. In 1949 the increment in industrial output for all capitalist countries amounted to 1.6%, in 1954—to 1.2%, in 1958 there was a 2% absolute reduction in production, and in 1967 production increased by a mere 2 per cent.

Such a law of imperialism as the uneven development of the economy of different countries makes itself fully felt. The United States' share in the industrial production of the capitalist world, which sharply increased during the first postwar years, dropped from 55.8 per cent in 1948 to 44.6% in 1968. Britain's share during

this period dropped from 11.9 per cent to 7.4%. At the same time the FRG's share increased from 4.2% to 9.1 per cent and Japan's from 1.3% to 7.8%. Japan ranks second in the capitalist world according to the main economic indices.

The grave monetary-financial crisis which has become especially acute in recent years reflects the serious difficulties experienced by capitalism.

* * *

The Conference distinctly stressed that present-day monopoly capitalism, despite a number of new phenomena and processes which, taken by themselves are most substantial, still remains capitalism with all its inherent contradictions and is not an entirely new system as its apologists claim.

The bankruptcy of bourgeois and reformist conceptions regarding the so-called transformation of capitalism which allegedly led to it becoming a "people's capitalism," to creating a "general welfare state" without any class antagonisms and social contrasts, to the formation of a "new industrial society" where allegedly "technostructure" and not big capital dominates, was fully revealed during the preparatory work and at the Conference proper.

Neither the scientific and technological revolution, nor the stepped-up development of state-monopoly capitalism has been or is capable of resolving the main contradiction organically inherent in capitalism, the contradiction between the social nature of production and the private capitalist form of appropriating its results. On the contrary, this contradiction is extremely in-

tensified. "The unnatural character of the situation in which production complexes, some of which serving more than one country, remain the private property of a handful of millionaires and multi-millionaires is becoming increasingly evident to the peoples. The need for replacing capitalist by socialist relations of production is becoming ever more pressing," Comrade Brezhnev said at the Conference.

The scientific and technological revolution, as pointed out at the Conference, provides unprecedented opportunities for transforming nature, creating an enormous wealth of material values and multiplying man's creative abilities. However, capitalism uses its achievements for acquiring greater profits and intensifying the exploitation of working people.

Under capitalism, the scientific and technological revolution entails such social consequences as a worsening of the employment situation as a result of automation, whereby millions upon millions who do not possess the necessary qualifications for new conditions are thrown out of work. The increased wages, being obtained by workers through a stubborn struggle, are accompanied by marked intensification of labour, an incessant increase in the cost of living, and lag far behind growing social needs. Technological progress in farming, effected under monopoly domination, is accompanied by the impoverishment of an ever greater portion of petty and middle peasants. Capital treads underfoot the vital interests of the majority of middle strata. The increased number of intellectuals due to the development of the scientific and technological revolution leads to aggravation of the conflict

between many groups of intellectuals and monopoly capital that fetters their creative possibilities. The rise in education, the increased number of students, especially college students, is accompanied by tempestuous, mass-scale student activities hitherto unknown to the capitalist world.

Such are the facts. And on the basis of these facts the Conference has concluded that modern capitalism is characterized by the presence of the deepest social antagonisms, by an aggravation of traditional contradictions, along with the appearance of new contradictions, that the intensification of contradictions between labour and capital develops into a more acute antagonism between the financial oligarchy and the overwhelming majority of the nation.

This is true not only of individual nations. Today the contradictions between the system of modern imperialism as a whole and the vital interests of mankind are intensifying.

Imperialism is largely to blame that the developing countries of Asia, Africa and Latin America, where about 70% of the population of the capitalist world lives, account for only 10% of industrial production, that per capita output of heavy industries there is just a little over 3% of what it is in developed capitalist countries, that out of the 350 million families engaged in agriculture in the capitalist world at least 250 million families use either the hoe or the wooden plough. Imperialism aggravates the serious objective difficulties confronting the young national states, strives to impede their social and political progress, and to prevent them from taking a non-capitalist path of development.

Imperialism is an obstacle not only to social but also to scientific-technological progress, because it channels scientific gains and huge material and manpower resources for destructive purposes, squandering national wealth for the sake of its militarist aspirations. Direct military expenditure in the NATO countries exceeded 1,150,000 million dollars in the 1949-67 period, which is more than the funds spent on the first and second world wars.

In defining imperialism's place in history, Lenin pointed out that the development of monopolies inevitably created material prerequisites for socialism. The scientific and technological revolution and state-monopoly regulation of the economy have led to an enormous acceleration of the process of socialization, to an unprecedented growth of these prerequisites. At the same time the reactionary and aggressive policy of imperialism, with the resulting spiritual oppression, the degradation of cultural and moral values inherent in it engender profound socio-political crises, facilitate—irrespective of the will of the imperialists—the formation, deep inside capitalism, of social and political forces calling for a radical reorganization of society, for peace, democracy and socialism. All these processes—both objective and subjective—instill confidence that imperialism is doomed; this has been convincingly confirmed at the Conference.

* * *

The effective struggle against imperialism depends to a considerable extent on how correctly

and realistically the centrifugal and centripetal tendencies in the imperialist camp are appraised.

At the preparatory stage of the Conference representatives of some countries claimed that the predominance of the former tendencies over the latter was a specific feature of the sixties. They said that the profound crisis developing in the last decade in NATO, the West European alliance and CENTO, set up in the fifties, was most vividly illustrated by the withdrawal of France from the military organization of NATO; the contradictions between the USA and Western Europe, between Britain and the Common Market countries were growing sharper, etc.

Yes, all this is taking place. But, as the majority of participants in the Preparatory Commission pointed out, there are other facts, too. There is the building up of the NATO military organization and expansion of imperialist integration in Western Europe and in some other areas. And, what is most important, numerous facts point to the joint actions of imperialist countries against the main revolutionary forces. These countries coordinate to a considerable extent their policies in order to jointly oppose the growing might of world socialism. They have carried out various political actions by means of the so-called policy of building bridges for splitting the socialist community and are waging a joint ideological struggle against the countries of socialism.

International monopolies and the monopolies and governments of the chief imperialist powers support each other in the struggle against the

working class and against the national-liberation movement.

Marx repeatedly noted that capital is an international force. Lenin pointed to the tendency of finance capital of different states to merge into the internationally joint finance capital and to set up an alliance of imperialists to protect the capital which knows no homeland. Today, this tendency has been intensified in the conditions of the titanic struggle between two opposite social systems and the unprecedented upsurge of the working-class and national-liberation movements.

The Conference documents contain a profound analysis of the general class strategy of imperialism and show how this strategy manifests itself in the struggle against world socialism, the working-class and national-liberation movements.

At the same time, the Conference paid a great deal of attention to the contradictions dividing the capitalist countries and showed that these contradictions could and must be taken advantage of in anti-imperialist struggle. The Conference analyzed these contradictions, differentiating in their appraisal of American, British, West German, French and Japanese imperialism, taking into consideration their internal features and specific factors, and their position in the world arena.

To successfully oppose the joint efforts of internationally interconnected capital and to deal it ever new blows, unity of action of all anti-imperialist forces is essential. The Conference considered its main task was to promote this unity, and was able to do so.

The Struggle Against Imperialism and the New Stage in the Development of Monopoly

John Gollan,
General Secretary
of the Communist Party
of Great Britain

I

The International Conference of the Communist and Workers' Parties held in Moscow in June, was an important success for the international Communist movement and for the struggle against imperialism.

In its treatment of the Conference the capitalist press concentrated on certain differences discussed in a principled manner. It ignored, for reasons we all understand, the key fact—namely that the Conference was completely united on the struggle against imperialism and war. This unity reached at the Conference is of the greatest importance for all the anti-imperialist and progressive forces.

Our Communist Party, working at the centre of British imperialism, has particular responsibilities to increase further the struggle against American imperialism in Vietnam and to assist still more the national liberation movement generally.

In addition, we are launching a new campaign to reverse the British Government policy of al-

liance with Bonn revanchism and entry into the Common Market, calling on all to unite for an all-European Security Conference.

These tasks are given added urgency by the extreme rapidity of international monopoly concentration now taking place which underlines all imperialist aggression, military, economic and political.

At all stages, American imperialism acts on behalf of the American super-trusts. American aggression in Vietnam and South East Asia is for the purpose of conquering these countries as sources of raw materials, super-exploitation, capital investment and markets for these trusts.

Britain's support of American aggression is motivated by the interests and investments of the British super-trusts in this vital region.

The policy of neo-colonialism in which British imperialism specialises is to ensure monopoly investment and exploitation. South Africa is now a major sphere of interest for the British monopolies. This explains the consistent support of the Wilson Government for apartheid South Africa and fascist Portugal, which they see as a bulwark against the national liberation movement in Africa.

The Common Market, aided above all by the West German trusts and revanchists, is more than an economic grouping to consolidate West European monopoly power: it is military political—intended to deepen the division of Europe, directed equally against the world of Socialism and the USSR in particular, and the workers' movement in Europe. The price for British entry, which the West German trusts hope to extract, is the access of the Bonn militarists to

nuclear weapons. The British monopolies are the main force behind the renewed drive of the Wilson Government to enter the Market. This explains in part the opposition of the Wilson Government to the proposals of the Soviet Union on a European Security Conference.

The monopolies, the main force of imperialism and war, are the common enemy of both the national liberation movement and the working class movement.

In calling for a united effort to create a broad anti-monopoly front in the major capitalist countries and renewed effort to defeat imperialism and war, the Moscow International Conference was stressing two sides of the same medal.

Victory in Vietnam would not only be a triumph for the national liberation movement assisted by the Socialist countries and the international working class, it would be a major defeat for the monopolies.

We see our campaign to prevent British entry into the Common Market and for an All European Security Conference as part and parcel of the mass struggle against monopoly capitalism at home.

In this sense there is an identity of interests between the anti-imperialist peace policy of the Soviet Union and the anti-imperialist struggle of the British working class and its mass struggle to curb the monopolies, defend and extend democratic rights including the right to strike. Here the British workers have won a major victory in defeating by mass action, including strike action, the Government's penal anti-strike legislation.

All these tasks dealt with at the Moscow In-

ternational Conference are given renewed urgency by the enormous speed-up in the process of monopoly concentration now proceeding in all the major capitalist countries.

The theoretical analysis of imperialism made by Lenin is fully borne out by all the recently published data. We want here to deal exclusively with British monopoly concentration. What is new is the rapidity with which monopoly concentration is now proceeding and the sheer size and international scope of the firms resulting.

II

The enormous speed-up in take-overs and mergers in Britain is seen in the figures of the capital of the firms involved. In 1966 they reached a total of £477m., in 1967 they had grown to £781m. In 1968 the staggering total of £2,313m. (according to the official figures of the Board of Trade) or £3,455m. according to *The Times* was reached. This only involved firms with a capital value of £10m. and over. The number of acquisitions by large companies totalled 638.

The type of merger involved firms in the same industry group (what we might call the vertical merger) and firms in very varied industries (the horizontal merger), or what the economists now refer to as conglomerates.

By value, twice as many take-overs and mergers occurred between companies in the same industry group, but a much smaller proportion by numbers, 348 out of 638.

In 1969 the take-over race has shown *no* sign

of slackening, with. *The Times* giving the value of bids announced in January alone as over £700m. Some of the giant mergers pushed through in 1968 included the amalgamation of British Motor Holdings and Leyland Motors (combined capital value £455m.), National Provincial Bank with the Westminster Bank (£325m.) and General Electric Company with English Electric (£900m.).

One immediate result of this mergermania is a huge increase in share values based on increased profit expectations. This has created a shares boom unprecedented in British capitalist history and in 1968 average share prices went up 40%. As *The Financial Times,* December 14 1968, put it: "On the crest of a fantastic wave of takeovers, mergers and financial coups, a select group of City entrepreneurs found that almost everything they touched turned to gold..."

The super-firm has now emerged of a size in capital value and number of workers and general economic, political and social power never before seen in British history.

There are now 4 super-trusts in Britain with a capital of around £1,000m.—they are Shell Transport (£1,603m. and 69,000 employees); British Petroleum (£1,445m. and 75,000); Imperial Chemical Industries (£1,390m. and 175,000 employees); G.E.C.—English Electric (£900m. and over 200,000 employees). There are now 23 firms with a capital of between £250m. and £500m. It should be noted in comparison that the combined capital of all firms quoted on the London Stock Exchange is £28,000m.

While there are now four super-trusts in Britain with a capital of around £1,000m. there are

only four such trusts in the *whole* of the rest of capitalist Europe, and only 20 with a capital value of between £250m. and £500m. In other words, this process of the super-monopoly is proceeding faster in Britain than in the rest of capitalist Europe.

It should be understood that we have been dealing with the so-called private sector of British monopoly capitalism. But of course there is an extensive *state capitalist* sector which enjoys a *complete* monopoly position in relation to the commodity or service concerned. For example, the state capitalist electricity generation system has a capital value of £4,025m. and employs 228,000; British Rail, £1,300m. capital with 339,000 employees; the state owned British Steel Corporation, £1,100m. capital (number of employees not available); and the National Coal Board, £802m. capital, with 414,000 employees.

The important thing therefore to note is that the logic of the super-trust is towards complete monopolisation although inter-capitalist rivalry may and possibly will prevent this.

Lenin directed our attention to the concept of finance capital, that is the intertwining of banking and industrial capital. The monopolisation of banking and insurance capital has also proceeded apace in Britain, too, along the lines of the super-trust. All the Big 5 banks (now the Big 4 with the merger of the Westminster and National Provincial) have assets in the £2,000m. plus class. These assets are invested largely in industrial shares. Two of the insurance companies, the Prudential (capital £1,738m.) and the Legal and General (£850m. capital) have

reached or exceeded the £1,000m. class. Again they have heavy industrial investment.

This, then, in brief is the picture of the trend of monopolisation in Britain today. It has reached a speed and size which is unprecedented.

This process could never have reached the stage it has done without the active intervention of the Labour Government. The Government's view coincided with that of the monopolies, namely that to survive in the face of world economic competition British industrial units had to be large or even super-scale. In 1966 the Labour Government set up the Industrial Reorganisation Corporation with a fund of £150m. specifically for the purpose of promoting mergers. A glance at the composition of this body shows its completely monopolist character. Its Chairman is the Chairman of the £250m. Courtalds Ltd. (synthetic fibres), and its members the chairmen or managing directors respectively of 5 of Britain's greatest industrial and financial concerns, and one anti-Communist trade union official. The speed-up of the merger process is directly associated with the founding of the Industrial Reorganisation Commission. Bigger and bigger capitalist monopolies has been and remains its aim.

Speaking about the Industrial Reorganisation Corporation on 1st February 1967, the Under-Secretary to the Department of Economic Affairs, was quite unashamed about its objective—"The purposes of this Corporation are not to encourage Socialism to creep, but to encourage private enterprise to gallop."

Even apart from the "encouragement" to mergers by the I.R.C., the Labour Government is

handing out huge subsidies and loans to the trusts. In the financial year 1967/8 outright grants to the industrial concerns equalled £1,010m., with another £450m. in loans.

III

The "theory," if one can call it such, underlying the merger is that the large unit is more economical and competitive, more scientific, more rationalised.

This is only partially true. Certainly some science-based, mass production industries lend themselves to the economics of size. This is true of motor cars, the petroleum industry, the chemical industry, aircraft, computers, and so on.

It is certainly not true of the so-called "conglomerate" mergers. For example, Unilever, the £541m. combine in detergents, margarine and foods, in making a take-over bid for Allied Breweries is not concerned to join like with like, unless one equates food with drink. The dominant concern here, as with other conglomerate mergers, is to extend the variety of the concerns owned by the trust in question and to increase the profit outlets for its capital.

But even with the marriage of like with like, while technical rationalisation and the economy of size can be argued, always the chief consideration is an increased profit return on the capital employed. For example, this was the dominant consideration in the Leyland—British Motor Holdings merger. The latter was the larger but less profitable concern. The former the smaller, but more profitable. The main consideration was

that the new merged organisation would be more profitable.

This was clearly the case in the merger of the electrical industry (not, be it noted, the electrical *generating* industry). First the G.E.C., with its Managing Director Arnold Weinstock, took over Associated Electrical Industries. The Industrial Reorganisation Corporation suggested the merger. In agreeing, Arnold Weinstock explained (May 16, 1968) on television, "We had come to the conclusion that the great problem for the improvement of efficiency was that A.E.I. should be transformed from a company which had gone fumbling along for a long time, and brought into line with modern developments." In other words, the A.E.I. profit ratio was low compared with G.E.C.

Within months the new concern had amalgamated with English Electric into what is now Britain's new £900m. electrical giant. On September 13, 1968, the B.B.C. interviewed Mr. Weinstock, the G.E.C. Chief, and Lord Nelson of the English Electric. The interviewer referred to them as "two happy tycoons." As well they might be for the Labour Government had enabled them to produce, in the words of *The Investors Chronicle*, "not just a mighty company, but a mighty profitable one."

This is the case all along the line; profit comes first. A firm may be taken over just to eliminate a rival.

The net result of all this is always increased unemployment. The new super-trust "streamlines" and rationalises its empire. Less economic factories are ruthlessly closed irrespective of the social consequences, even if this dooms whole com-

munities to economic disaster. Thus Weinstock's merger with A.E.I. resulted in 55,000 being thrown out of work, the British Motor Holdings—Leyland merger had as one of its aims the reduction of the labour force by 50,000. Every merger produces unemployment.

Super-trusts mean super-exploitation of the working class. Because modern industry is capital intensive this exploitation must be judged on the basis of profit return on the capital employed. The top ten trusts in Britain last year made an average profit of 13 per cent.

Despite the fact of this tremendous monopolisation within British industry the economic growth rate in Britain remains at a low, even at a crisis level. In other words, this extreme speed-up of monopolisation of British capitalism takes place within the crisis of British imperialism and creates new problems for it. It has not resulted in any real expansion of British industrial output as such. The process of extreme monopolisation therefore intensifies the crisis.

There are a number of reasons for this. We have already mentioned the increased unemployment resulting from the mergers, where the same or even more output is obtained with considerably less workers.

Another reason is that more and more of the super-trusts, while nominally British, are in fact international in scope and operation. For a hundred years the City of London has conducted financing operations, insurance, etc. on a world wide scale. The old established trusts, such as Unilevers, have always operated outside British boundaries, particularly in colonial territories.

What is new is that all the main super-trusts

in industry are now operating more and more on a world scale. For example, 80 per cent of Imperial Chemical Industries production is outside Britain. The phenomena of the American motor and other firms operating in Britain is well known. But besides direct exports, the British motor plants have branch plants in Europe, in the Dominions, in South America, etc. It is the same with the electrical, building, cement and other industries. The international ramifications of the oil firms, British and others, are well-known.

It has become axiomatic that as the super-trust emerges, its operations become international in scope. Previously the international firm tended to be comparatively small in numbers; now the international firm or trust has become the rule.

So while this process means international earnings for British capitalism, the net result does not increase British industrial production, although this process is offset to the degree foreign firms set up production in Britain.

One of the reasons for this "internationalism" of the British industrial super-trusts is to be found in Britain's exclusion from the Common Market. The firms concerned had to "jump" the barriers imposed by the Common Market by establishing branches within the Common Market area. It is precisely the multimillion trusts which are the main driving force of the British capitalist class for entry into the Common Market. This British drive to enter the Common Market will now be intensified with De Gaulle's departure.

In general, therefore, the advent of the international firm means an intensification of cut-

throat capitalist competitions. All the various efforts of the different capitalist governments by tariffs and other arrangements to protect "their" home markets are increasingly set at naught by the international trusts setting up shop in the country concerned.

All this poses new problems for the trade unions of the countries concerned with the giant firms. Not only have they to battle with an employer with huge resources requiring inter-plant co-operation at a high level within each country: they also require inter-union co-operation and mutual aid with the national unions with members in the branch plants in the various countries, where the parent international firm (British in our case) has set up. The super-trust, the international firm, in other words, puts a premium on proletarian internationalism. The trade unions must have an international as well as a national strategy.

Britain's balance of payments problem remains acute. To try to solve it everything is sacrificed, including the economic growth rate. One of the big problems of the balance of payments is the export of capital. This is now made worse as the super-trust grows and extends operations on a world scale. To do this they must invest abroad, that is, export capital.

Last year capital exports were over £600m., or twice the balance of payments deficit. In two years capital outflow has increased by £318m. The exchange value of the pound, despite devaluation, has only been maintained by massive borrowing from the world financiers. Yet it is a fact that British investment abroad since 1964 was as much as the country has borrowed since.

Finally, it cannot be assumed that the super-trust as such is necessarily efficient, nor that it results in the expansion of the economy as such. In fact, there are good reasons to think the opposite.

Apart from the fact that many of the mergers are "defensive" in relation to other big groups, there is a more basic reason foreseen long ago by Marx as *one* of his reasons for the Marxist theory of crisis. In relation to this process of extended monopoly, two American authors, Baran and Sweczy, have this to say:

> "Twist and turn as one will, there is no way to avoid the conclusion that monopoly capitalism is a self-contradictory system. It tends to generate ever more surplus, yet it fails to provide the consumption and investment outlets required for the absorption of a rising surplus and hence for the smooth working of the system. Since surplus, which cannot be absorbed will not be produced, it follows that the *normal* state of the monopoly capitalist economy is stagnation... And this means chronic under-utilisation of available human and material resources."

Monopoly capitalism can and will reconstruct itself into giant corporations or super-trusts; these will be able to introduce cost reducing innovations and unemployment, and will be able to provide for a rising surplus. Since there are (under capitalism) obvious limits to the expansion of the market, monopoly capitalism looks to the state and above all military expenditures which will increase the demand for the output of monopoly capitalism while opposing root and

branch all state expenditure for housing, schools, health and the social services.

IV

Monopoly is profoundly anti-democratic. It is more than fifty years since Lenin remarked, with his usual penetrating insight, that "the political superstructure of this new economy, of monopoly capitalism (imperialism is monopoly capitalism), is the change *from* democracy *to* political reaction. Democracy corresponds to free competition. Political reaction corresponds to monopoly." [1]

This is not the occasion to deal with the intricacies of the monopoly capitalist state and the monopoly domination of both state and government.

It is commonplace to argue in Britain that the Labour Government operates not only capitalist policies but above all *monopoly* capitalist policies.

But the sheer size of the new super-trusts introduces new complexities into the relationship of these giant corporations and the capitalist state.

Their boards of directors are unelected, all-powerful and authoritarian. They, rather than the Government, in many ways become the main decision-making bodies. They are almost unelected governments; the interests of their shareholders rather than any "national" interest is their main concern. The planning decisions of the super-trusts are close to government-size in their social implications.

One example will suffice. To develop the area

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[1] Lenin. *Coll. Works*, Vol. 23, p. 43.

of Greater London south of the Thames, the Government planned a new town called Thamesmead. In the meantime the G.E.C.—A.E.I. merger resulted in the closing down of the A.E.I. factory, the main employer of labour in the area, making nonsense of the Government's whole development scheme.

Their domination of the economy and its vital trends is almost complete.

The crisis in the Labour movement resulting from Harold Wilson's anti-trade union legislation is the result of monopoly pressure. It is the monopolies, above all, who are responsible for the Government's incomes policy restricting wages, and the introduction of the legislation to shackle the trade unions and limit the right to strike.

Even while Wilson's Labour Government is carrying out monopoly policy, the traditional party of the monopolists remains the Tories.

So the political side of the mergers is the current offensive against bourgeois democracy as such and the call for a coalition or a government of "businessmen".

Alongside Tory electoral gains, big business has become more outspoken and menacing than ever. The Confederation of British Industry (the employers), the bankers, the millionaires, the Institute of Directors, in addition to stepping up their demands for still heavier cuts and legislation against the unions, are now attacking Parliament. The theme is that the country cannot be run successfully under the present parliamentary system.

For some time the millionaire press owner, Cecil King, has peddled this line. Now Lord Robens

(of the National Coal Board) says Britain can be run better by businessmen than by politicians. Professor Beloff preaches the need for a coalition government because, he asserts, "the political system bears no relation to the country's needs". He is joined by Lord Shawcross and *The Times*, which on Jan. 20, 1968 commented editorially that few want a coalition for its own sake, "but a Government which combines resources of both parties and of experienced men from outside the main parties would have a national authority which might become essential."

Aubrey Jones of the Prices and Incomes Board, talks about the possibility of a second devaluation with a "further discrediting of Parliament and the Parliamentary system."

So as the economic crisis leads increasingly to political crisis, the menace to living standards is accompanied by the menace to democracy.

Recent months have seen a resurgence of class struggle in Britain, big left advances in the trade unions and Labour movement and mass political strikes against anti-trade union legislation.

In all this the Communist Party and the *Morning Star* have played a leading role.

But the process of the emergence of the supertrusts presents new problems to the British working class movement. They are a menace to democracy. Their economic, social and political power can no longer remain unchallenged.

In calling for the further development of an anti-monopoly front for democracy and social progress the Communist Party declares that there is only one answer to the power of the trusts: they must be taken over and made the property of the people.

American Imperialism as Seen by Lenin, and US Finance Capital Today

M. BARABANOV

In his many studies of imperialism Lenin analyzed the various aspects of US capitalism in its latest stage which he regarded as being the most typical example of how the economics of imperialism work. He wrote that "the American trusts are the supreme expression of the economics of imperialism or monopoly capitalism"; "that country, indeed, is in many respects the model for our bourgeois civilization and is its ideal." [1] The United States had already become the most powerful capitalist country with increasing influence on world politics.

Lenin investigated different sides of the US economy, among them the concentration and monopoly of production; the methods employed by the trusts to achieve their wealth and power; the export of capital; the growing aggressiveness of the United States in the sharpening struggle over the political and economic division of the world; the condition of the working people; the organization of production; the agrarian and other problems.

Among Lenin's most important conclusions on the political and economic aspects of US imperialism is the following: "A leading country of modern capitalism... unrivalled either in the rate of development of capitalism at the turn of the

[1] Lenin. *Coll. Works,* Vol. 23, p. 44; Vol. 22, p. 17.

century, or in the record level of capitalist development already attained..." [1] Indeed, in that period the United States was developing faster than Germany and the latter, faster than Britain and France, and much faster than Russia. At the same time, Lenin pointed out, the United States was a country of decaying capitalism, one of the first countries where capitalism had entered its imperialist stage. "In the United States, economic development of the last decades has been even more rapid than in Germany, and *for this very reason* the parasitic features of modern American capitalism have stood out with particular prominence." [2]

What features did Lenin have in mind? First, he singled out concentration of production and capital, the highest among the big imperialist powers of that time, and the consequent domination of the financial-industrial oligarchy.

On the basis of American statistical data, Lenin observed that in 1900 the United States had 185 powerful trusts of the type of Standard Oil or US Steel, and (in 1904) 1,900 manufacturing firms with an annual output valued at $1 million and over. Although these enterprises made up only 0.9% of the total they employed 25.6% of the labour force and contributed 38% towards the country's industrial output. Towards 1909 their numbers had grown to 3,060 (1.1%) and their share in work force and production, to 30.5% and 43.8% respectively. The number of trusts in 1907 was estimated at 250. [3]

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1 Lenin. *Coll. Works*, Vol. 22, p. 17.
2 *Ibid.*, Vol. 22, p. 301.
3 *Ibid.*, pp. 197, 202.

Concentration was the highest also in banking. "In America... *two* very big banks, those of the multimillionaires, Rockefeller and Morgan, control a capital of eleven thousand million marks," Lenin pointed out. As a result, the multimillionaires "have the whole of America in their financial grip." [1]

Secondly, an important feature of US imperialism, which directly arose from the high degree of the monopoly of the financial bourgeoisie on the economic and political life of the country, was, in Lenin's opinion, the tremendous gulf between the economic, socio-political and class attitudes of the finance oligarchy and the masses. That gulf had already reached a colossal size by the beginning of our century. Lenin stressed in his *Letter to American Workers:* "America has taken first place... in level of development of the productive forces of collective human endeavour, in the utilization of machinery and of all the wonders of modern engineering. At the same time, America has become one of the foremost countries in regard of the depth of the abyss which lies between the handful of arrogant multimillionaires who wallow in filth and luxury, and the millions of working people who constantly live on the verge of pauperism." [2]

Economically and politically, "the American people, who set the world an example in waging a revolutionary war against feudal slavery, now find themselves in the latest, capitalist stage of wage-slavery to a handful of multimillionaires," despite the fact that the relatively greater use of

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[1] Lenin. *Coll. Works*, Vol. 22, p. 219; Vol. 24, p. 417.
[2] *Ibid.*, Vol. 28, pp. 62-63.

machinery has raised "wages at home above the average rate."[1]

Third, US imperialism at the beginning of the 20th century is characterized by its transformation into what Lenin called the world's biggest financial exploiter, the exploiter of even advanced countries, the most aggressive imperialism in the world.

Assessing the role played by the United States in the First World War, Lenin wrote: "the American multimillionaires were, perhaps, richest of all, and geographically the most secure. They have profited more than all the rest. They have converted all, even the richest, countries into their tributaries. They have grabbed hundreds of billions of dollars. And every dollar is sullied with filth... And every dollar is stained with blood."[2] "A heavy debtor" prior to the war (in 1914 foreign private investments in the United States totalled 7,200 million dollars) "has become a general creditor."[3] After the First World War the United States had an active balance of 19,000 million gold roubles with regard to the rest of the world (Lenin's calculation into roubles based on J. Keynes' estimate in pounds sterling).[4]

Another important feature of US imperialism, which became apparent at the end of the last century, was its aggressive foreign policy, covered up with talk about democracy. This aggressiveness was based on the one hand, on economic power and, on the other, on the fact that the

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[1] Lenin. *Coll. Works*, Vol. 28 p. 63; Vol. 19, p. 454.
[2] *Ibid.*, Vol. 28, p. 64.
[3] *Ibid.*, Vol. 31, p. 217.
[4] *Ibid.*, Vol. 31, p. 219.

United States wanted colonies when the world had been virtually carved up. Hence the special character of US imperialism, which is "robbing all and sundry", but "doing so in a unique fashion, since it had no colonies."[1]

The change-over to aggressive imperialist methods in foreign policy coincided with the Spanish-American war of 1898, the first imperialist war for the repartition of colonies. It was the United States that started this war. Noting the particular aggressiveness of US imperialism, Lenin stressed in his *Letter to American Workers* that the American people "find themselves playing the role of hired thugs who, for the benefit of wealthy scoundrels, throttled the Philippines in 1898 on the pretext of 'liberating' them, and are throttling the Russian Socialist Republic in 1918 on the pretext of 'protecting' it from the Germans."[2]

US imperialism's growing aggressiveness was strikingly shown during the preparations for the two world wars and especially after the Second World War. Lenin pointed out that the United States' entry into the First World War under the slogan of champions of the rights of small nations signified in fact preparation for a future war, since it made possible the building up of a strong standing army, which the United States did not have at the beginning of the century. "America's real aim in entering the war is to prepare for this future war with Japan."[3]

Summing up the political and economic results

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[1] Lenin. *Coll. Works*, Vol. 31, p. 448.
[2] *Ibid.*, Vol. 28, p. 63.
[3] *Ibid.*, Vol. 24, p. 417.

of the First World War, Lenin wrote that the "...major change in world politics is the tremendous enrichment, at Europe's expense, of United States finance capital, which has latterly increased its armaments... to unprecedented proportions." He stressed that this armaments drive had been launched "obviously in preparation for a *second* great imperialist war." [1]

Fifty years have passed since Lenin made this appraisal of US imperialism. The world has changed beyond recognition. As a result of the First World War, capitalism entered the period of its general crisis which was started by the Great October Socialist Revolution in Russia. The Second World War resulted in the breaking away of more states from the capitalist system and the formation of the socialist world system. The last two decades have witnessed the almost complete disintegration of the imperialist colonial system. The transition from capitalism to socialism, which is being accomplished throughout the world, is the principal characteristic and main tendency of our era.

Has US imperialism changed any since Lenin made his analysis fifty years ago?

Let us begin with questions of the concentration and monopoly of production.

Actual economic monopoly in the United States is in the hands of the biggest, not the smallest firms. US capitalism does not cease being monopolistic because alongside of the several thousand biggest monopolies, there exist 9 million small firms which are formally independent but actually wholly subordinated to these monopolies.

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[1] Lenin. *Coll. Works*, Vol. 23, pp. 207, 190.

Despite the growth of the absolute number of "independent" non-incorporated companies, their relative number and share in market operations are systematically decreasing, while those of corporations are rising. The position of the millions of non-incorporated firms, just as, incidentally, that of smaller corporations, remains precarious. Between 1951 and 1958 2,813,000 small firms went out of business, 3,394,000 new ones came into being, and 3,422,000 changed hands.[1] In 1964 the volume of operations of a small firm equalled but a fraction of that of a large corporation, and was much lower than before the war. One corporation had approximately trebled its turnover in that period.[2]

Thus, even official statistics refute the arguments in favour of the theory of the "deconcentration" of the capitalist economy. Correctly interpreted, they furnish added proof that economic concentration in the United States is growing. It is spreading in all directions and affects every type of property, and to greater or smaller degree the whole economy.

According to American statistical manuals, in 1939 there were 141 US manufacturing corporations with a capital value of $50 million or over. They constituted only 0.15% of the total number of such corporations but their share of assets ($23,700 million out of $56,700 million) amounted to 41,8%. Allowing for the higher prices, assets of $50 million in 1939 could be valued as roughly equivalent to $100 million in 1964. In 1964 corpo-

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[1] *Problemy sovremennogo imperializma,* M., 1968, p. 36.
[2] Based on *Statistical Abstract of the United States,* 1967, p. 484.

rations with such assets numbered 393, or 0.21% of all corporations in the industry. Their assets, however, amounted to $205,500 million out of a total of $335,200 million,or 61.3%.

As we see, concentration in the US manufacturing industry has considerably increased.

In the same year 1964, thirty of the biggest corporations with assets of more than $100 million owned 45% of the assets in mining; 214 corporations in transport, communications and electric power, gas and water supply, 84.5%; 1,036 corporations in finance, insurance and real estate, 61.1%. Out of 1,373,517 registered corporations operating in every branch of the economy, 1,758 with a capital value of $100 million and more, owned 58.5% of total corporate assets (in 1939 the share of 737 corporations with assets of more than $50 million equalled 54.7%).[1]

This is the situation as regards the trend of economic concentration in the United States. It shows just how much the theories of "deconcentration" are worth. The laws of capitalist concentration discovered by Marxism continue to operate.

In the postwar years the pseudo-scientific theory of "people's capitalism" gained wide currency in the United States and to a certain extent in other advanced capitalist countries. This theory's principal thesis is that as capitalism advances, possession of capital becomes more accessible to the working people which ultimately results in wage and salaried workers becoming the owners of the means of production just as the capitalists

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[1] Based on *Statistical Abstract of the United States*, 1967, p. 492; *The Economic Almanac*, 1958, p. 269.

themselves are. In substantiation of this theory it is claimed that in the last few decades shareholding has become much widespread and democratic: between 1952 and 1965 the number of shareholders in the United States more than trebled, growing from 6.5 million to 20.1 million.[1]

The dual propagandist purpose of this theory is to prove the existence of "partnership" between capital and labour and to refute the Marxist thesis regarding the relative impoverishment of the working people that accompanies the development of capitalism. The advocates of the "people's capitalism" theory argue thus: since the development of capitalist property has brought about extensive growth of shareholding (corporations, limited liability companies, etc.), and since the participation of workers in joint-stock companies is widening, this means that not only possession of capital is becoming increasingly "collective" in character but that the property and social antagonisms between the working people and the bourgeoisie are decreasing.

Let us see how sound this argument is. Bourgeois economists who expound the "democratization" of capital and the wide opportunities of the working people to become shareholders on the basis of the growth of the number of shareholders "forget" that 90 per cent of the population of the United States, or about 180 million people, hold no shares at all, and that the 20.1 million shareholders registered in 1965 included only 647,000 factory workers and 64,000 farmers and agricultural workers. In other words, shares were held by only 2.7 per cent of the workers and

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[1] *US News & World Report*, July 5, 1965, p. 84.

0.3 per cent of the farmers.[1] So much for the participation of the working people in share capital.

The exponents of "people's capitalism" claim, however, that in the past thirty to forty years and especially since 1929 a substantial evening up of economic and social standards has taken place in the United States. According to them, the property gap between the bourgeoisie and the bulk of the population has shrunk, the share of the largest wealth-holders in the national wealth has decreased and the monopoly power of the financial oligarchy has declined. In a word, US capitalism has become socially more "homogeneous". To prove their case, they refer to changes in the structure of incomes, to the fact that as the economy advances the level of incomes and, consequently, the standard of living of the working people, in absolute terms, rises. This quite natural phenomenon the apologists for US capitalism claim as a "revolution in incomes" which basically changes the "face of society."

But is this really so? Are there any grounds for speaking of a radical transformation of US capitalism? An analysis of statistical data on the incomes and property of the American population shows that official propaganda figures proving the reality of the "revolution in incomes" actually bear very little relation to the problem of the relative position of the different classes of society. They merely indicate that the absolute level of gross income of many of the less well-to-do families has risen somewhat in the last thirty or forty years. As to the property gap between

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[1] *Problemy sovremennogo imperializma*, p. 45.

the handful of monopolists and the majority of the working people in the United States, it continues to widen. Although the standard of living of the working people shows a certain absolute growth, the wealth of the capitalists and especially millionaires and multimillionaires continues to grow faster which increases the gap between the mass of the population and the financial industrial oligarchy.

US statistics do not publish complete and objective data about the size of the private incomes of different categories of the population. But from time to time individual researchers and periodicals examine this important and acute problem—for their own propaganda purposes, of course. The material they publish makes it possible, if only indirectly, to gain an idea of the changes in the proportions of the wealth held by the capitalists and by the rest of the population.

Basing themselves on tax returns and other data, bourgeois economists have established that the share of the capitalist class, i.e., persons whose wealth equals or exceeds $60,000 (they make up about one per cent of the adult population), in the total amount of private wealth rose from 26% in 1945 to 28% in 1961.[1] And some estimates with allowance for tax dodging by the wealthiest taxpayers, show that this share grew from 32% in 1922 to about 41% in 1961.

According to calculations by the bourgeois economist, R. Lampman, and other indirect data, in 1961 the number of private fortunes of $1 milli-

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[1] Robert J. Lampman. *The Share of Top Wealth-Holders in National Wealth, 1922-1956.* Princeton, N.J., 1962, p. 228; *Business Week,* September 28, 1963, p. 146.

on and over stood at 100,000, as against 13,300 in 1944. In all probability they constitute at least one-quarter of the entire private wealth of the capitalist class. [1] Finally, the number of people who in the early 'sixties were "worth" more than $5 million was conservatively put at 10,000. [2] Their wealth made up at least 10% of the private wealth of the capitalist class, and vast new fortunes were being constantly added to it.

The table below shows the composition of the top of these 10,000, the old and new financial plutocracy, which holds the reins of economic power. [3]

As the table shows, the number of America's wealthiest capitalists has approximately doubled since mid-1920s, and their fortunes have become 9 to 23 times larger. Considering that the largest of the old fortunes were built up between 1870-1929 and the new ones between 1930-1960; this cannot but testify to a considerable acceleration of the growth of the financial plutocracy and, accordingly, of its economic power and influence.

The same conclusion can be drawn from a comparison of the growth dynamics of this part of the US financial oligarchy with that of the entire banking capital and of the assets of industrial and non-industrial corporations. In 1929-1960 total banking capital increased from $149,500 million to $682,000 million, or 4.5-fold; corporate assets in manufacturing rose from

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[1] Robert J. Lampman. *The Share of Top Wealth-Holders in National Wealth, 1922-1956*. Princeton, N.J., 1962, pp. 274, 276; *Business Week*, January 27, 1962, p. 31.
[2] *Problemy sovremennogo imperializma*, p. 54.
[3] S. M. Menshikov. *Millionery i menedzery*, M., 1965, pp. 67, 72; *Fortune*, May 1968, p. 192.

American Financial and Industrial Plutocracy
(Personal Fortunes in $ Million)

Old plutocracy	Mid-1920s	Early 1960s	New plutocracy	1960s
Rockefellers	250—1,500	3,000—10,000	Paul Getty	1,000—1,500
Du Ponts	100—240	2,000—6,000	Howard Hughes	1,000—1,500
Mellons	100—450	1,600—4,700	Cullens	800—1,000
A. Davis and R. Hunt	—	500—700	H. L. Hunt	500—1,000
Fords	100—660	1,100—3,800	Edwin H. Land	500—1,000
Dorrances	—	100—1,000	Daniel K. Ludwig	500—1,000
Phippses	89—600	500—750	Murchisons	600—700
Harksnesses	80—450	450—600	S. Richardson	200—600
Reynoldses	—117	500—550	Kennedys	200—600
Milbanks	—100	400—500	Moodys	400—500
McCormick-Deerings	—260	350—450	Upjohns	400—500
Morgans	—90	240—400	Kaisers	350—500
Whitneys	75—322	200—400	Bunker Hunt (son of H. L. Hunt)	300—500
Haughtons	—	200—400	John O. MacArthur	300—500
Waggoners	—	300—400	William McKnight	300—500
Total	794—4,789	11,440-30,650		7,350—11,900

$57,700 million in 1933 to 335,200 million in 1964, and the assets of all corporations, from $268,200 million to 1,585,600 million, i.e., approximately a six-fold increase in either case.[1]

As we can see, the private fortunes of the tycoons, the top of the US "ruling elite", have been growing much faster than total banking and corporate capital. A comparison of the change in the proportion of the shares of one per cent and of the rest of the population in the entire corporate capital[2] leads US to the conclusion that the wealth of the capitalist class too has been growing faster than the entire banking or corporate capital but not so rapidly as the fortunes of the top of the financial plutocracy. Finally, it is quite logical to suppose, on the basis of these figures, that the growth of the capital of the middle stratum of the American ruling class—the "rank-and-file" millionaires—has also been faster than that of total corporate or banking capital, and faster than that of the capital of the entire capitalist class, but slower than that of the top group.

Thus, an analysis of bourgeois statistics makes it clear that there has been no "transformation" of US capitalism in the past thirty or forty years. Its real nature—a system of exploitation—has remained unchanged, and cannot be disguised by attributes such as "people's", etc.

As productive forces develop the bourgeoisie is able to allocate somewhat greater funds for the

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[1] *The Economic Almanac. 1956,* pp. 272, 304; *Statistical Abstract of the United States,* 1967, p. 492.

[2] The share of 1% of the population of the United States in the total value of privately held shares rose from 65.6% in 1929 to 76% in 1953 (R. J. Lampman. Op. cit., pp. 225, 227).

remuneration of labour, while its own income continues to grow rapidly. Since 1929 the American bourgeoisie has invariably accounted for more than half of the country's national income, [1] and its per capita income has been many times (in some years 100 times) higher than that of millions of working people. Hence all talk of diminishing economic and, consequently, social inequality between the working people and the bourgeoisie is deliberate deception.

Lenin's words about the abyss between the handful of multimillionaires and the millions of working people are vividly confirmed by the entire history of US imperialism. The following facts also deserve attention. In 1966 the United States had 71.8 million wage and salaried workers, including managerial, engineering, technical and office personnel, whose per capita annual earnings averaged roughly $6,000. [2] At the same time, each of the 400-odd members of the top financial oligarchy had a declared annual income of $1 million or more.

The class domination of the bourgeoisie with its ultra-reactionary section, the top financial oligarchy, rests on private ownership of the instruments and means of production. Lenin stated that concentration of production leads to monopoly, and that "under the general conditions of commodity production and private property, the 'business operations' of capitalist monopolies inevitably lead to the domination of a financial oli-

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[1] See *Mirovaya ekonomika i mezhdunarodniye otnosheniya (World Economics and International Relations)*, No. 4, 1967 p. 92; No. 5, 1968, p. 155.

[2] *Survey of Current Business*, July 1967, pp. 34-35.

garchy."[1] But how is this domination exercised in practice? Available data show that the private fortunes of the top 10,000 capitalists, including the top oligarchy, ($5 million and more) constitute 5 to 10% of all private liquid assets, and hardly more than 15 to 20% if we include here the private capital of the middle section of the American bourgeoisie—the millionaires.

The subordination of practically the whole economy of the country to a small group of the biggest financial monopolists is carried out through a system of partnership and the personal union of the leadership of the most powerful financial institutions, primarily banks, and industry. Of great importance is also the fact that their capital is invested, primarily, in the key branches of the national economy. Whereas a decade ago complete control of a large company required possession of 40% of its shares, today, with massive dilution of capital and the diversification of the system of shareholding, a mere 3 to 5% of the shares often ensure the controlling interest. This increases the power of finance capital and the financial oligarchy. Besides, consolidation of the positions of the financial elite is promoted by the top managerial executives, many of whom are millionaires themselves.

The system of partnership has led to the formation of a number of super-powerful financial groups who exercise control over capital that does not belong to them directly and over hundreds of billions of dollars in every branch of economy. For instance, seven New York groups, among which the Morgans and the Rockefellers are most prominent, and the Ford group that

[1] Lenin. *Coll. Works*, Vol. 22, p. 226.

adjoins them, have control of about $300,000 million in industry, banking, trade, transport and communications, and still larger assets are controlled by twelve regional groups—the Mellons, the Du Ponts, the Boston, Cleveland, Chicago, Californian and other groups.

The Morgans, the biggest financial-industrial group in the United States, includes in its sphere of influence more than a dozen mammoth banks, insurance companies, pension funds, saving deposits, etc., each a major monopoly in its own right. Among them are Prudential Insurance Company of America (assets of $25,100 million), New York Life Insurance Company ($9,600 million), Morgan Guaranty Trust Company of New York ($9,200 million), Bankers' Trust Company ($6,900 million) and others.

In addition, it includes several dozen huge industrial and non-industrial corporations many of which it controls jointly with other groups. These are American Telephone and Telegraph, which serves practically the whole of the United States ($37,600 million); General Motors, the largest automobile concern which is also a major producer of transport equipment and armaments ($13,300 million); General Electric, one of the most powerful monopolies in electrical engineering and electronics ($5,300 million); International Business Machines, the world's biggest manufacturer of computers and office equipment ($5,600 million), etc. [1]

In June 1968 *Fortune* carried an analysis of the financial activity of 38 American corporations with assets of at least $4,000 million each (in

[1] *Fortune,* June 1968, p. 391.

1967). The capital of this Big Business elite totalled \$363,700 million, out of which \$124,400 million, or 35%, belonged to ten corporations connected in some or other way with Morgans, although the assets of Morgan Guaranty Trust, the head bank of the group, amounted to only \$9,200 million.

With the transition of capitalism to the monopoly stage large amounts of loan capital seeking profitable employment began to accumulate in industrially developed countries. The export of capital became, in Lenin's words, "one of the most essential economic bases of imperialism,"[1] the foundation of the economic and political partition of the world.

By the outbreak of the First World War US private investments abroad had risen from an insignificant \$700 million in 1897[2] to \$3,500 million, a five-fold rise. The United States entered the period of advanced monopoly capitalism.

Both world wars, which were unleashed by the imperialists and which inflicted untold suffering and devastation upon many countries, are known to have contributed to the enrichment of the United States, specifically to the growth of export of US capital. Towards the end of the Second World War and during postwar reconstruction the indebtedness of dozens of countries to the United States rose to \$27,000 million,[3] not counting the lend-lease debts. In 1966 US capital abroad totalled \$111,900 million. It should be noted that US private capital prefers industrial and

[1] Lenin. *Coll. Works*, Vol. 22, p. 277.
[2] *Historical Statistics of the United States. Colonial Times to 1957*. Washington, 1960, p. 565.
[3] Ibid.

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commercial investment in Western Europe and Canada, and that the relative share of private investment in Latin America and other "raw material" regions is diminishing.

More than half a century ago, at the dawn of US imperialism, Lenin noted that a leading newspaper of American multimillionaires wrote that "to dominate the world two things are needed: dollars and banks. We have the dollars, we shall make the banks and we shall dominate the world." [1]

In the half-century since US finance capital launched its drive for world domination the United States has crushed all its imperialist competitors in the economic plunder and political enslavement of the capitalist world. From a member of an international club of the richest imperialist countries it developed into an all-powerful monopolist which dominates in every sphere, including that of export of capital. It has strikingly demonstrated what its claims to world supremacy actually mean; the "major turning point" in the sphere of world politics and of the economic partition of the world about which Lenin wrote signifies, in fact, the transformation of the United States into the leading bastion of international imperialism directed against liberation movements.

Thus, the transition to imperialism was marked by a tremendous consolidation of US finance capital not only on a national but also international scale. Its share in the total balance of world finance capital (i. e. participation in the issue of

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[1] Lenin. *Coll. Works,* Vol. 24, p. 404.

securities) grew from 22%[1] in 1910 to approximately 50% fifty years later. In 1961 US banks held 44.1% of the assets of the fifty largest banks of the capitalist world.

The growth of the financial power of the United States in the world during the period of the general crisis of capitalism means a sharp decrease in the strength of the other members of the world financial oligarchy and their conversion into junior partners of the US imperialists.

In 1910, the four "pillars" of world finance capital as Lenin called them (Britain, the United States, France and Germany) accounted, respectively, for 23.6, 22, 18.3 and 15.8% of all assets (the rest of the world: 20.3%), in 1966 the proportion was, according to the assets of the world's biggest banks, as follows: the United States and Canada 47%, Japan 21.6%, Britain 10,5%, Italy 9%, France 6% and other capitalist countries put together 5.9%. As we see, the United States and Canada, where US capital actually dominates, have forged far ahead. Jointly with Japan and Britain this financial bloc controls about four-fifths (79.1%) of all the assets of the biggest banks of the world.

Instead of the three indisputable leaders fifty years ago (Britain, the United States and France), world finance capital has one leader today. It is the United States, which virtually holds world financial monopoly. France and Germany have been forced into secondary positions, while the position of Britain, which led the field at the beginning of the century, has been considerably

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[1] Lenin. *Coll. Works*, Vol. 22, pp. 239-240.

weakened. At the same time there have appeared new powers in the capitalist financial world, one of them second in magnitude only to the United States. It is Japan, with more than 20% of the assets of the leading banks of the capitalist world.

As we see, in the past fifty years the role of the United States as the world's biggest financial exploiter has further grown, although in the last decade it has been subjected to pressure from the finance capital of a number of countries. This is added confirmation of Lenin's thesis that "under capitalism the smooth economic progress of individual enterprises or individual states is impossible... Uneven economic and political development is an absolute law of capitalism."[1]

Lenin's definition of US imperialism remains as valid today as ever. The tendency towards aggression displayed by American imperialists at the beginning of our century has logically led to the United States becoming an international gendarme, the mainstay of world imperialist reaction.

British Imperialism: Lenin's Appraisal and Its Present-Day Positions

E. KHESIN

The principal feature of British imperialism singled out by Lenin was its colonialist character. "...Enormous exports of capital," he

[1] Lenin. *Coll. Works*, Vol. 21, pp. 341-342.

wrote, "are bound up most closely with vast colonies." [1]

In the more than half-century since Lenin wrote these words British imperialism has undergone considerable evolution. On the eve of the First World War ten times more people lived in the British colonies than in Britain itself. Today the population of the British Isles is six times that of the remaining colonies. In 1913 Britain had one quarter of its national wealth abroad; in the middle of the 1960s its private foreign assets comprised a mere one-tenth of its national wealth. [2] Prior to the First World War investments in colonies and semi-colonies constituted roughly 45% of all its foreign investment. Today, the share of developing countries in British direct private investments (excluding those of oil monopolies, insurance companies, and banks) does not exceed one-third. [3] In ten years between 1904 and 1913 the export of capital equalled 95.8% of net investments at home, whereas in the 1960s the average proportion was 1 to 10.[4] In 1913 foreign corporate and government issues reached 80% of the total sum of securities placed

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[1] Lenin. *Coll. Works,* Vol. 22, p. 243.

[2] P. Deane and W. A. Cole. *British Economic Growth. 1668-1959.* Cambridge, 1962, p. 306; J. Revell. *The Wealth of the Nation.* Cambridge, 1966, pp. 4-5.

[3] *Capital Formation and Economic Growth.* A Conference of the Universities. National Bureau, Committee for Economic Research. Princeton, 1955, p. 74; *Board of Trade Journal,* January 26, 1968, p. VII.

[4] *Capital Formation and Economic Growth,* p. 70; *Monthly Digest of Statistics,* September 1968, p. 117; *Yearbook of National Accounts Statistics, 1966.* New York, 1967, p. 608.

in London. In recent years their share has not exceeded 10%.[1]

The break-up of the British colonial empire had considerable effect on the process of accumulation of capital. For one thing, since the end of the Second World War the export of British capital has been growing more slowly than the economy as a whole, with an increasingly greater part of monetary accumulations being realized at home. This was one of the causes of a rise in the rate of accumulation of capital. On the other hand, the British economy was for a long time characterized by the active participation of the monetary accumulations of colonial monopolies in financing capital investments in Britain. In 1910-1914 the net income gained abroad made up more than 8% of the gross national product. At present it does not reach 1.5%.[2] British imperialism has to rely more and more on its own forces and resources. As a result, the structure of British industry has changed appreciably, with a sharp increase in the role of such modern branches as automobile and aircraft building, electrical engineering, electronics and chemicals, the birth of the atomic power industry, and the relative decline of the "traditional" textile, coal-mining and ship building industries.

The decreased share of colonial income has also had its social implications. The stratum of rentiers, formerly active buyers of foreign govern-

[1] F. W. Paish. *Business Finance*. London, 1956, p. 125; *Financial Statistics*, August 1968, p. 79.

[2] C. H. Feinstein. *National Income and Expenditure, 1870-1963*. Cambridge, 1964, p. 2; *The British Economy. Key Statistics, 1900-1966*. London, 1967, p. 4.

ment stocks and shares of mining and railway companies, has shrunk. The opportunities for bribery of a certain part of the working class with colonial superprofits have diminished weakening the position and influence of the "workers' aristocracy". The loss of colonial monopoly has done much towards eliminating great-power jingoism among the working class, although this shameful disease has not yet been fully eradicated (deplorable evidence of this is furnished by the opposition of some groups of the working people to the expansion of "coloured" immigration into Britain).

The development of the national-liberation movement has weakened the positions of the British colonial raw-material monopolies. Their role in the structure of British monopoly capital has decreased. Today, there are hardly a dozen colonial monopolies among the hundred leading British corporations. The character of their activity has also changed. The structure of their production apparatus is being reorganized, with increasing importance being assumed by the vertical integration of the production process. Unilever, British-American Tobacco Ltd. and other colonial raw-material monopolies who possess vast plantations and primary processing plants are switching over to the manufacture of finished products and to the processing of raw materials in the regions where they are marketed. As a result, these monopolies are investing a growing share of their capital in industrially developed countries. Scared by the growth of the national-liberation movement, foreign and colonial banks, too, are transferring their branches to "more secure" regions. At present two-thirds of the branches of the eight

biggest British banks (more than 3,600 out of 5,300) operate in developed countries.[1]

But the relative decrease of the importance of overseas incomes and of the role of colonial monopolies in the structure of British monopoly capital do not warrant the conclusion that British imperialism has fully lost its colonial character.

First, when defining a specific national imperialism Lenin always strove to show its special features, and the basic ways in which it differed from other varieties of imperialism. Britain's economics (and its politics, too) carry the imprint of the past a great deal more than any other leading imperialist country. Characteristics inherited from the era of British colonial and industrial leadership have proved to be exceptionally tenacious. In the British economy the proportion of plants burdened with obsolescent equipment is much greater than in the economy of its main competitors, and the restructuring of industry is a more difficult process there than in the other advanced capitalist countries. The solution of basic problems affecting the British economy, such as raising its efficiency, reorientating its exports from the developing to the industrially advanced countries, improvement of the balance of payments and acceleration of economic growth rates, is hampered by the reluctance of the monopoly bourgeoisie to bury the colonial past. Britain's economic difficulties arise, first and foremost, from the imperialist character of its foreign and military policies.

Second, the break-up of the economic relations underlying the division of labour between Brita-

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[1] *The Banker*, October 1968, p. 880.

in and its former colonies is proceeding much more slowly than changes in the political situation in these countries. In some instances economic links between Britain and its former possessions have even become stronger after the latter acquired political independence. Having become "a metropolitan country without colonies," Britain continues to exploit the natural wealth of the many developing countries that have remained within the economic orbit of British imperialism.

Third, although the colonial monopolies have lost their former place in the system of British monopoly capitalism, their positions remain exceptionally strong. The list of the leading British corporations is headed, as before, by the oil giants, Royal Dutch-Shell and British Petroleum, and Unilever, the world's biggest food and detergent monopoly.

The profits extracted by the British monopolies from developing countries are, as a rule, higher than those from other sources. In 1960-65 returns on investments in developing countries were one-sixth higher than in developed regions.[1] Together with the system of imperial preferences and the sterling area, the export of capital remains the basis of the "invisible" empire of British finance capital.

Lastly, while continuing to employ methods of "classical" colonial exploitation, finance capital increasingly resorts to the weapon of neo-colonialism. Seeking to check national-liberation movements and to secure strong positions for their monopolies in their former possessions, the British neo-colonialists are developing new ways

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[1] *Board of Trade Journal*, January 26, 1968, p. XVI.

for influencing the economy and policies of developing countries. Although compelled to modify somewhat the colonial structure of the economy of these countries, the monopolies are doing this in such a way as to enable them to retain control of the more promising industries. Enlistment of the "cooperation" of national capital, establishment of mixed companies, financial and technical "aid" (principally for the development of the infrastructure), the training, in an appropriate fashion, of local industrial and administrative personnel—is a far from complete list of the means used by British neo-colonialists. Colonialist and neo-colonialist attitudes penetrate every aspect of British imperialist economics and politics.

MONOPOLIES UNITE

The industrial and colonial hegemony Britain enjoyed in the 19th century impeded the concentration of production and capital in the country. The transformation of the vast colonial empire into a closed market for the products of British companies deprived them for a long time of a stimulus to the renovation and reorganization of their economic structure. As a result, by the beginning of the 20th century British imperialism had not only lost its leadership in world industrial production but had fallen behind the United States and Germany in the degree of concentration and organization.

The First World War provided a powerful impetus to the concentration of production and capital, which gained speed in the twenties and thirties and especially after the Second World

War. The disintegration of the colonial empire, the intensified inter-imperialist competition, the growth of militarization, the scientific and technological revolution, and the development of state-monopoly capitalism were the main causes responsible for speeding up the process of concentration and monopolization of production in the past 15 to 20 years. An added factor was the capitalist nationalization of a number of branches of the economy which squeezed out the small companies. Powerful enterprises equipped, at state expense, with up-to-date machinery replaced inefficient factories and mines.

A new form of centralization of capital was an unprecedented wave of mergers which spread throughout the whole British economy, and became particularly intensive in the late fifties. In 1954-57 the expenditure of monopolies on the acquisition of subsidiaries amounted to approximately 130 million pounds sterling a year. In 1958-63 they exceeded 300 million pounds sterling, in 1967 they rose to about 800 million pounds sterling and 1968, according to *The Times*, could be called the year of mergers.[1]

The reasons behind the intensified drive towards centralization are the monopolies' attempts consolidate their power in the face of the onslaught of the American companies and Britain's intention to join the Common Market. In the opinion of specialists, 7,000 to 8,000 companies can be expected to merge in the next ten years.[2]

The centralization of capital is particularly

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[1] *The Times*. September 16, 1968; *Labour Research*. January 1966, p. 7; *Business Week*, February 10, 1968, p. 26.
[2] *The Times*, September 16, 1968.

intensive in the new economic sectors which in a scientific and technological revolution determine the industrial aspect of the country.

The speeding up of the process of concentration of production in postwar Britain is accompanied by an intensification of monopolization at all levels of the credit and financial system—a hierarchy headed by London's biggest banking monopolies. The banks still subordinate, by invisible bonds, the economy of many newly-freed countries to the requirements of British production. As Lenin wrote, "...there is not a patch of land in the world today ... which British capital has not enmeshed by a thousand threads."[1]

The year 1968 saw sharp growth of centralization of capital in the key sector of Britain's credit system, the deposit banks. To be able to resist the onslaught of other financial companies and cut the cost of banking services, the biggest of these banks, Barclays, amalgamated with Martins, sixth in importance, while the fourth biggest deposit bank, Westminster, united with the fifth biggest National Provincial. Thus there came into being the "Big Four" (Barclays-Martins, National-Westminster, Midland, and Lloyds) which hold 90% of the bank deposits in the country.

The deposit banks are the principal instrument of accumulation of capital in postwar Britain in whose hands is concentrated the bulk of short-term and medium-term credit. Between 1938 and 1968 their deposits increased more than $4^1/_2$ times. The development of their credit operations is vividly reflected in the growth of the

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[1] Lenin. *Coll. Works,* Vol. 24, p. 403.

share of credit in the total volume of bank assets.

An important part in the British credit and financial system belongs to colonial and overseas banks, which are becoming increasingly dependent on the "Big Four." Being closely linked with the colonial raw-material monopolies, they actively serve the interests of the British financial oligarchy in the developing countries. Although the national-liberation movement has dealt a severe blow to the colonial banks, it would be premature to leave them out of the picture.

A special place is occupied in the financial system of British imperialism by banking-houses among which the most prominent are Rothschilds, Barings, Hambroes and Lazards. In order to strengthen their financial base, many of these houses have recently merged.

A growing rôle in the accumulation of monetary capital has been played in the postwar years by other credit and financial institutions, especially insurance companies and pension funds. The assets of insurance companies already exceed those of the deposit banks. More than half of them belong to ten leading societies which use insurance merely as a profitable and easy way of obtaining means for their operations. From the viewpoint of the financial oligarchy the advantage of insurance societies over other institutions consists in the high stability of their passive and active operations connected with building up large premium reserves. The deposit banks are also faced by increasingly serious competition by state savings banks, The Post Office Savings Department, with 20,600 branches in the

country, and local savings banks, whose number has doubled since before the war and now exceeds 80.

Investment companies play an important role in mobilizing the monetary resources of the population. As regards number and size of assets, Britain is likely soon to overtake all the other West European countries taken together. Recent years have witnessed considerable expansion there, as in the United States, of operations of investment companies of the open type (unit trust). The size of their capital is not fixed, with shares issued, depending on the demand on the loan capital market. The absence of specialized mortgage banks and the growing need for loan money to finance housing construction explain the rapid growth of operations of building societies.

REGROUPING IN THE WORLD OF FINANCE CAPITAL

The constantly increasing economic domination has further strengthened the position of the powerful finance capital amalgamations. Today 15 to 20 leading financial groups play an almost decisive role in Britain's economy and policy.

The colonialist character of British imperialism is clearly shown in the emergence of financial groups based on the export of capital and the exploitation of the colossal manpower and raw-material resources of the British Empire. A striking example of this is the formation of the Rothschild-Samuel-Oppenheimer group, which controls a large part of the non-ferrous and rare

metals market. Jointly with the Lazard group the Rothschilds have acquired strong positions in a number of the biggest oil monopolies.

Britain was for a long time the world shipper and the centre of world trade. It was therefore not accidental that financial groups came into being in connection with shipping and servicing foreign trade, in which banking houses played an active part. The most prominent of these are the Peninsula and Oriental Steam Navigation Company, W. Cory-Runciman, Cunard Steam Ship, Fornes Whitty—Royal Insurance and Jardine Matheson-Hong Kong and Shanghai Banking Corporation.

Several of these financial groups have a family background, having grown up round the banking houses of the Rothschilds, M. Samuel, the Baring Brothers, Hill and Higginson, Schroders, S. G. Warburg and Kleinwort. Firmly established, bound together by strong financial and family ties, they maintain broad contacts with the monopoly capital of other countries, and some of them are members of international financial groups. For instance, the early sixties witnessed the restoration of close cooperation between the British and French branches of the Rothschild family which had been broken off more than four decades ago.

There are other powerful monopoly groups with the participation of foreign capital, such as Morgan and Morgan Grenfell, controlled by the American bank, the Morgan Guaranty Trust.

Several financial groups based on old families of the landed aristocracy (the dukes of Devonshire, the Cavendishes) figure prominently in banking and insurance.

The collapse of the colonial empire and the changes in the structure of the economy have brought about changes in the structure of British finance capital. First, the position of groups uniting the capital of banks and industrial monopolies which operate in Britain itself and not outside it as was the case before has been consolidated. Second, groups active in rapidly developing new industries—electrical engineering, chemicals, aircraft building, etc. have come to the fore. For instance, in the postwar period, considerable strength has been gained by the Sopwith group holding key positions in the Hawker-Siddeley aviation concern, by Morgan and Morgan Grenfell, which controls many electrical engineering firms, and Imperial Chemical Industries. Third, the expansion of the non-productive sphere has led to the strengthening of groups composed primarily of companies which deal in real estate, own shops and hotels, etc.

Finally, whereas formerly British financial groups tended to unite round commercial banks and private banking houses, now we see the enhanced role of groups centred on insurance monopolies, investment trusts and other financial institutions which engage in long-term investment of capital. Prudential, Britain's biggest insurance monopoly which has shares in 1,200 companies, is an example.

In Britain the separation of capital-function from capital-property has long been highly developed. One of the distinguishing features of the British financial oligarchy is its fusion with the upper echelons of the landowning class, with the old hereditary nobility. The importance of the landowners has today sharply declined, but

the "hereditary aristocracy" constitutes, as before, an influential part of the financial oligarchy of the country. The nobility still owns vast landed estates. For instance, the family of the dukes of Buccleuch is Britain's biggest landowner after the royal family. Members of the House of Lords hold more than 1,200 directorial posts.

Another feature of the development of the British financial oligarchy is the exceptionally strong position of the big bankers. Towards the middle of the 19th century a core of the future financial elite of both domestic and foreign origin was formed in Britain. The names of the biggest of these "geniuses of financial manipulation" have become proverbial ("rich as Rothschild"). Dynastic marriages have linked many families together, creating family coalitions. The requirement for finding a job in the City remains the same: "It is whom you know, not what you know that is important."

After the war the old financial aristocracy skilfully adapted itself to the new conditions mainly by investing in new branches of industry to augment its wealth. The Lazards entrenched themselves in the electrotechnical and aircraft building industries; the Rothschilds gained a foothold in the production of nuclear fuel, and so on.

British colonialism contributed another feature to the formation of the financial oligarchy, namely, the great importance of the bankers connected with colonial exploitation. This branch of high finance was created by Cecil Rhodes, the founder of the British "African empire". He was succeeded by the Rothschilds and Oppenheimers, who command leading positions in

the mining industries of Central and South Africa and in oil monopolies. Great interest in "colonial affairs" is shown by the Samuels, Flemings and other families. These groups which make up the core of the right, ultra-colonialist wing of the British monopoly bourgeoisie, have inspired and organized many British imperialists' colonial ventures.

Although conditions for the emergence of new millionaires in postwar Britain have not been so favourable as in the United States, they have increased considerably in number. Land and real estate has proved to be a most lucrative field. In this field the "empires" of J. Cotton and Charles Clore were built up. Entertainment and publishing businesses became another "factory of millionaires". Here we must mention H. Drayton, who heads today the most powerful group in British television, cinema and theatre, and Arthur Rank, founder of The Rank Organization. The rise of Cecil King and Roy Thompson has been at the expense of the Astors, Kemsley-Camrose, Rothermere-Harmsworth and Beaverbrook families in the publishing business. The top managers of the biggest financial companies and heads of nationalized industries indisputably belong to the British financial oligarchy. The names of the real masters of present-day Britain are, probably, hidden behind a thicker curtain of secrecy than in any other country.

Whatever some bourgeois economists may say to the contrary, the financial oligarchy continues to play a tremendous role in shaping the policy of the British imperialists. Financial leaders are widely represented in the legislative and executive organs and on the boards of nationa-

lized enterprises and state institutions. The Confederation of British Industry, set up after the merger of the three biggest business associations of the country, unites today 14,000 companies and about 100 business firms. In October 1967 the monopolies set up an Industrial Policy Group to draft industrial reorganization projects which would suit their interests.

Of late the CBI bosses have been advocating rallying all the monopoly forces of the country. The establishment of a single union of the heads of industry and the City would greatly strengthen the position of the monopolies in the system of British state monopoly capitalism.

THE STATE AND THE MONOPOLIZATION OF THE ECONOMY

The state is directly assisting the consolidation of the economic might of the monopolies and the enrichment of the financial oligarchy. A new side to its activity is the direct financing of the concentration of production and capital. At the end of 1966 the Labour government set up an Industrial Reorganization Corporation with a fund of 150 million pounds sterling to grant credits to monopolies which wish to buy up the shares of other companies but are short of funds at the moment. Not infrequently the allocation of funds is accompanied by the appointment of government directors to the boards of amalgamated companies. Through the Bank of England the government indirectly promotes the concentration of production by employing such institutions as the Financial Corporation for Industry

and the Industrial & Commercial Finance Corporation. A specialized branch of the latter organizes up to 30 mergers a year. The National Research Development Corporation contributes financially to the organization of research in firms.[1]

The Science and Technology Act of 1965 stipulated that, in some instances, the government may, with a view to ameliorating the financial position of a company, render it assistance by buying up part of its shares. In 1968 the Ministry of Technology invested 3.6 million pounds sterling in the shares of International Computers.[2] The government carries out compulsory cartelization in different branches of industry, for instance in aircraft construction. The old industries, the Achilles heel of the British economy, are the object of the state's special concern. In 1967 the ship-building administration was authorized to grant credits of 33.5 million pounds sterling to 60 ship-building companies to help their amalgamation into several groups.[3] The law on the reorganization of the cotton industry, passed in 1959, envisaged liquidation of small firms and dismantling of obsolescent equipment. About 200 firms were liquidated and nearly 600 mills closed down.

The Labour government's "improved" anticartel legislation did not slow down the monopoly process in any appreciable way. In 1965 a law on monopolies and mergers was adopted,

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[1] *The Economist*, January 29, 1966, p. 426; *The Financial Times*, January 1, 1967.
[2] *Labour Research Department Fact Service*, October 12, 1968, p. 163; *The Times*, June 5, 1968.
[3] *The Financial Times*, May 12, 1967.

and the Board of Trade was empowered to place before the Commission for Monopolies every instance of a merger which, in the government's view, might endanger the "national interests." However, between August 1965 and March 1967 the Board of Trade submitted to the commission only five cases out of 124. In 1967 alone about 90 major mergers took place, and only one of them was investigated by the Commission for Monopolies.[1] More often than not, the commission ruled that the given merger did not run counter to the national interest. Many monopolies easily get round the law under the pretext that mergers help to enhance the effectiveness of the British economy.

Fulfilment of government orders has become an important stabilizing factor in the activity of British monopolies. The highest profits are provided, of course, by military business. In recent years there have been press reports about the fabulous profits (80 to 168% on invested capital) gained by Ferranti and Bristol-Siddeley from government orders. In order to safeguard the interests of the monopolies in the middle of 1968, the Exchequer announced the terms on which the government intended to place orders with private firms. A supplier agreeing to shoulder all production risk is assured, before tax, a return of about 14% on capital.[2]

The Labour government has supplemented state-monopoly regulation of the economy by means of the so-called selective tax and credit policies. For instance, monopolies in the manu-

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[1] *The Financial Times*, March 22, 1967; *The Times*, September 16, 1968.

[2] *The Economist*, July 20, 1968, p. 63.

facturing industry receive substantial financial support through the mechanism of the selective employment tax introduced in 1966. As is known, this tax on every employee is paid by the employers in all branches of the economy. But the capitalists in the manufacturing industry not only get back the sums paid by them in taxes but receive Exchequer bonuses according to number of employees. At the beginning of 1966 the government went over to direct subsidizing of monopolies. The previously effective system of investment exemptions was replaced with subsidies to employers in the manufacturing and mining industries in conformity with their expenditure on new equipment and building. Higher subsidies are paid to firms which invest their capital in the backward regions of the country ("development areas"), and special credit privileges are granted to exporters.

Britain stands out among the industrialized capitalist countries for the extensive development of the state sector. The assets of nationalized companies amount to nearly 12,000 million pounds. Their annual investments in fixed capital (more than 1,500 million pounds) roughly equal private investment in the manufacturing industry. The nationalized branches employ about 8% of all workers and turn out 11% of GNP. In the summer of 1967 state control was established over the iron and steel industry. The turnover of the 14 state-run companies producing 90% of the country's steel equals that of the giant US Steel Corporation. [1]

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[1] *The Economist*, November 4, 1967, p. 539; *The Times*, September 12, 1968.

In recent years there has been much discussion among Britain's leaders about the economic principles governing the operation of nationalized industries, in particular, about the concept "national interest" which should be the guideline for the state-owned businesses. The changed conditions of the competitive struggle compelled the financial oligarchy to modify its interpretation of this concept. Wide currency was enjoyed for a long time by the concept which reduced the function of the nationalized sector to supplying the monopolies with cheap raw materials and fuel. Accordingly, in 1967 the index of prices of raw materials and fuel, produced primarily in the public sector, was 110.1 (1954=100) and that of manufactured goods, 134.4.[1] Small wonder that the profitability rates in the nationalized industries were only half those in the privately-owned industries.

This unscrupulous canalizing of surplus value from the state into the private pocket conflicted with the interests of the economy as a whole, for it placed a burden on the budget and worsened the financial position of the country. Monopoly capitalists began to advocate the application to the nationalized industries of the commercial principle of paying their way. In the opinion of influential quarters, which found expression in a number of government documents, a departure from the principle of unprofitable operation of these industries would help raise the efficiency of the British economy and would ultimately bring greater benefits to private business than those which the monopolies

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[1] *Monthly Digest of Statistics,* September 1968, p. 142.

receive from the low prices of the products of the nationalized industries.

With the wisdom gained by the bitter experience of the failure of the 1964-70 national plan, the government is trying to improve the system of economic programming. A new plan is being drafted which envisages different variants of economic growth rates depending on the state of the balance of payments and trends in the field of labour productivity. Emphasis is being laid on key sectors and above all mechanical engineering. Greater attention is being paid to the state's measures to ensure fulfilment of the plan. Great hopes are vested in this connection in the Industrial Reorganization Corporation, i. e., virtually in further concentration of production and capital.[1]

BRITISH IMPERIALISM TODAY

The "golden age" of the British bourgeoisie has long ago passed. The country which was the first to carry out an industrial revolution and which became the focal point of the international division of labour has proved less capable than its competitors in adapting itself to the requirements of the scientific and technological revolution. "The workshop of the world" has fallen back to the position of third industrial power in the modern capitalist system. The former sovereign of the seas, the "biggest trading nation in the world" is now knocking at the doors of a powerful European group. In the past four deca-

[1] *The Times*, August 6, 1968.

des the former international banker has devalued its currency three times and become the "sick man" of Europe surviving thanks to injections of foreign capital. The British colonial empire, once the source of London's power, has collapsed under the blows of the national-liberation movement. Britain's economic dependence on the United States has grown sharply and largely determines the foreign policy and military strategy of British imperialism.

And yet the weakening of the position of British imperialism does not signify that Britain has become a second-rate power. Its role in the economics and policies of modern capitalism is much greater than can be judged by its share in industrial production. Britain is the second biggest military power in NATO. It is second only to the United States in volume of capital investment abroad. True, Britain itself has become the object of the economic offensive of American monopolies. Nevertheless, a comparison of Britain's positions as world creditor and debtor shows that its foreign investment and credits (21,300 million pounds at the end of 1967) give it an active balance of approximately 2,000 million pounds. [1]

Britain is the economic centre of the Commonwealth with its system of customs preferences. The countries of the Commonwealth produce about 95% of the world's jute, 90% of platinum, more than 70% of nickel, over 75% of tea, two-thirds of diamonds and asbestos, 60% of wool, about half of tin and bauxite, etc. Britain is the leading member in the European Free Trade As-

[1] *The Economist*, September 14, 1968, p. 62.

sociation, set up in 1960 as a counterweight to the Common Market. It heads the sterling area, the biggest currency and financial regional grouping in the capitalist world, and has the most widespread banking system. The number of foreign branches of British banks (about 6,000) is twenty times that of their American counterparts. London's importance as an international financial centre is seen from the fact that in the middle of the 1960s it had 98 branches or offices of foreign banks, compared to 63 in New York and 48 in Paris. Despite its weakened position, the pound sterling remains the second reserve currency of the world used in more than one-fourth of all international commercial and non-commercial transactions.

The British monopoly bourgeoisie is working to prevent a further decline, to create prerequisites for launching a counter-offensive on the fronts of the inter-imperialist struggle. The British monopolies have reacted to the changed conditions of competition, by reorganizing the economy, raising the level of concentration of production and capital, and improving the credit and financial system. New methods of accumulation are being devised and perfected; greater allocations are being given to science; old proportions in the economy are being broken up; production efficiency is increasing. Changes are taking place in public education. New universities and colleges are being opened. The country is going over to the decimal system of weights and measures.

British monopoly capital is seeking to overtake its imperialist competitors primarily at the expense of the working people. The financial oligar-

chy compensates for the reduction of the share of colonial profits in the GNP by raising the rate of accumulation of capital at home. The "incomes policy" pursued by the Labour government is designed to cut production costs and increase the competitive value of British goods by slowing down the growth of wages or freezing them. The capitalist "rationalization" of production, the monopoly take-overs and mergers are accompanied by the dismissal of factory and office workers and growing unemployment. The devaluation, the government's policy of restricting consumer demand constitute, in the final count, the costs of imperialist policies which the British people have to pay.

The principal cause of the lag of the industrial structure of Britain and of the comparatively lower effectiveness of investment and labour productivity in a number of vital industries lies in the scale of the militarization of the economy. The share of military expenditure in the GNP in Britain is greater than in any other West European country. Militarization swallows up one-sixth of all current state expenditure. Three-fifths of government allocations abroad are designed for military purposes. In the last six years the country's balance of payments deficit amounted to about 1,800 million pounds and military expenditure abroad to almost 1,600 million pounds. A substantial reduction of this expenditure constitutes one of the most radical ways of overcoming the country's payments and currency difficulties. Britain's leaders are becoming increasingly aware that militarism and neo-colonialism on their present scale are a heavy weight on the national economy, weakening its competitive

capacity and injuring the interests of the monopolies themselves. This accounts for the recently begun reappraisal of imperial military strategy, the calls for cutbacks in military spending, for the curtailment of bases "east of Suez", and so on.

Britain's immediate future depends, in the final analysis, on whether its rulers will be able to abandon their great-power political ambitions, and break the vicious circle which dooms the people to hardships, the economy to stagnation, and finance to chronic inflation and possible new devaluation. Only by renouncing militarism and its claims to domination in international affairs is it possible for the country to adapt itself to the demands of the scientific and technological revolution, and to find its proper place in the rapidly changing conditions of the modern world.

West Germany and Its Place in the System of World Imperialism

V. SHENAYEV

Analyzing the process of development of pre-monopoly capitalism into imperialism, Lenin wrote that on the eve of the First World War the United States and Germany stood out among the four richest capitalist countries in speed of development and the degree of capitalist monopolization of production. [1]

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[1] Lenin. *Coll. Works*, Vol. 22, p. 239.

At the outset of the First World War Lenin noted the particular intensity with which monopoly capitalism in Germany was transforming itself into state-monopoly capitalism. In his description of German imperialism, he wrote that "in respect of the organization of finance capitalism, in respect of the transformation of monopoly capitalism into state-monopoly capitalism, Germany was superior to America." [1]

The defeat of German imperialism in the First World War considerably weakened the position of the Prussian Junkers. [2] In the Weimar Republic German imperialism acquired a number of new features, the principal one being the unchallenged economic domination of the leading industrial and banking monopolies which were supported by international capital and above all by the United States. During this period the state management of business increased and state concerns in the power, mining, aluminium industries, etc. came into being.

During the world economic crisis of 1929-33 the state began to put through measures, for regulating the economy aimed, principally at saving larger enterprises. These included subsidies, easy-term credits, temporary acquisition of shares, currency control, and so on.

During an extremely difficult economic crisis with enormous numbers of unemployed, the magnates of finance capital adopted the extreme measure of putting a fascist dictatorship in pow-

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[1] Lenin. *Coll. Works,* Vol. 29, p. 170.

[2] A final blow was dealt Prussian Junkers with the formation of the German Democratic Republic after the Second World War. But their ideas still have a certain influence in West Germany.

er. With this ultra-reactionary political form of state-monopoly capitalism, German fascism created a centralized system which forcibly subordinated all economic resources to the criminal revanchist aims of German imperialism. Militarization, which characterized all economic development under fascism, cemented the union of monopoly and state power. On June 15, 1933 Hitler set up a General Council for the German economy which consisted of Krupp, Thyssen, Vögler, Bosch, Siemens, Schröder and other monopolists. The aim of the council was a rigid organization of the entire economy for war purposes.[1] The law "on the preparation of the organic structure of the German economy" provided for the formation of six imperial groups vested with prerogatives of state power. Hundreds of leading representatives of finance capital were elevated to the rank of war economy "Führers." In those years the financial oligarchy was augmented by large numbers of nazi leaders who lined their pockets during the "Aryanization" campaign and the plunder of occupied countries. German imperialism mobilized and spent for military purposes 90,000 million Reich marks on war preparations and 620,000 million during the war.[2]

The postwar revival of imperialism in West Germany proceeded on a purely state-monopoly basis and again with the help of international, primarily American, capital.

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[1] See *Imperializm segodnya.* M., 1968, p. 45.
[2] *Memorandum zur heutigen Finanz- und Währungslage,* 10.1.1945. (Archives of the Ministry of the Economy of Germany).

Today West German imperialism is a highly organized state-monopoly capitalism which in many features differs from that of prewar Germany and of many modern capitalist states. The links between monopoly and state power have grown stronger; the role of the economic policy of the state has increased; more intensive attempts are being made to regulate economic development in the interests of monopoly capital. The peculiarity of West German state-monopoly capitalism manifests itself first and foremost in the very nature of its economic policy and in the extent to which it uses certain individual means of regulating economic development.

CAPITAL CONCENTRATION AND MONOPOLIES

In violation of the Potsdam agreements there has been a steady process of concentration and centralization of capital in the hands of the same restricted groups of financial magnates.

At first the Adenauer government was obliged to give the appearance of carrying out a policy of restricting monopolies. In 1956 an anti-cartel law was even enacted. But by 1959 the Bundestag had approved a law "on the study of concentration in the economy" and a special commission was set up which published a report on its findings in 1964.

The Erhard government, which came to power in 1963, at first, also spoke of limiting the concentration of capital and formation of monopolies, linking this with neo-liberal ideas for a "social market economy." Two years later, how-

ever, advancing the "moulded society" doctrine at the CDU/CSU congress, Erhard came out openly in support of these processes. This was already something new in official policy. As for the "grand coalition" government, of the CDU/CSU and the Social-Democrats, which came to power at the end of 1966, it started off by openly advancing a programme of concentration and centralization of the political and economic power of monopoly capital.

The government carried through measures to bring about mergers in the steel industry and raise the degree of concentration in the aviation and rocket industry; life-saving support was given to Krupp's iron and steel concern; laws were made on "stabilizing economic growth" and on "medium-term planning of the federal budget", the drafting of a "financial reform" was started. In a word, the Kiesinger-Strauss-Brandt government resolutely set about hastening the concentration and centralization of capital. On the whole, despite zigzags in official policy, these two processes have proceeded steadily throughout the prewar period but particularly rapidly in the 1960s.

A peculiarity of the postwar concentration of capital in West Germany is that it has been fastest in the most important industries: chemicals, oil processing, electrical engineering and automobile manufacture. The same applies to the centralization of capital.

Accompanying these processes is the concentration of production, manpower and profits with the fastest growth of output and profits to be observed in the chemical, electro-technical, oil processing and engineering industries.

After the chemical giants in growth of profits come the electrical engineering concerns, Siemens and AEG, and the automobile manufacturers, Volkswagen and Daimler-Benz.

There has been a sharp increase in the monopolization of trade. In the past five to seven years monopoly capital has not only been fortifying the old established trading concerns but actively invading the domain of shop-keepers in the suburbs and small towns, transforming midget enterprises into branches of bigger concerns, shopping centres and supermarkets. This process is speeding up as a result of the transition to mass production taking place in the scientific and technological revolution today. Many trading concerns belong to banking and industrial monopolies. The latter, besides, set up their own marketing branches.

The trading monopolies, in turn, subordinate many non-monopolized industrial establishments whom they turn into their permanent suppliers. They dictate their terms and often become their direct owners, simultaneously these trading firms set up their own supplier companies.

The credit system is dominated by three banking monopolies: Deutsche Bank, Dresdner Bank and Kommerzbank. Comprising less than one per cent of the total number of commercial banks, the "Grossbanken" hold more than half of all deposits. Although their assets cannot compare with those of the banking giants of the United States, Britain, Italy, Japan or France, they play a fairly significant role in the international arena as well.

The insurance monopolies, which come in the final analysis under the influence of the "Gross-

banken," have become increasingly important. Among them, four groups can be singled out: those of Munich, Rhein and Magdeburg and the family concern Gerling.

The process of concentration of production and capital has had considerable effect on agriculture. Here it has proceeded with even more ruthlessness and cruelty and brought many hardships to small farmers and agricultural workers. At the same time, large farms with more than 20 hectares of farmland, which constitute only 8.5 per cent of the total number, have increased their holdings. They get 41.8 per cent of receipts from the sale of products of animal husbandry, the leading branch of West German agriculture (three-fourths of the aggregate value of output). The elimination of small producers has been facilitated by the programme for the "modification of the agrarian structure" conducted by finance capital with the aid of the state. Under the "green plan" alone 21,400 million marks were spent by the state in carrying out this policy between 1956 and 1967.[1] Thanks to the government's policy the positions of big agricultural producers have been considerably strengthened.

FINANCIAL GROUPS

As we see, monopoly capital has seized commanding positions in every economic sphere of the country. As Lenin foresaw, the coalescence of industrial and banking monopolies has led

[1] *Finanzbericht 1968,* Bonn, 1968, S. 410-413.

to the emergence of several distinct centres of finance capital.

The most distinctive of these are the three groups united round the "Grossbanken."

The Deutsche Bank group includes Siemens, Haniel, the three successors to IG-Farbenindustrie (Bayer, BASF and Rheinstahl), Klöckner, Mannesmann, Hoesch, Reemtsma, Henkel, Glanzstoff, Horten, DEMAG and Allianz Versicherungs AG with a turnover of more than 70,000 million marks. Employing more than a million factory and office workers,[1] these concerns control about one-third of the country's corporate capital.

Although the Dresdner Bank financial group is somewhat weaker, it embraces such large concerns as AEG, Metallgesellshaft, Degussa, Gründig, Oetker and Schickedanz. For many decades before the Second World War and for some time after it the Flick and Krupp concerns formed, the core of the Dresdner Bank group. But later on the influence of the Deutsche Bank group increased considerably first on Flick (through Daimler-Benz, its leading firm), and in 1967 on Krupp. Thus, the balance of forces between the financial groups is gradually changing.

Among the principal members of the Kommerzbank group are the family concern Goldschmidt, the Gerling insurance business, and the trading monopolies, Karstädt and Kaufhof. Although Kommerzbank retains contacts with Haniel, a former member, the latter has in effect joined the Deutsche Bank group.

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[1] Based on *Frankfurter Allgemeine Zeitung*, August 24, 1968.

A separate group consisting of the Thyssen Oppenheim and Gelsenkirchener Bergwerkes firms centres around the Oppenheim bankinghouse. As for the "Grossbanken," Thyssen (as incidentally before the war) maintains close contacts with them but gives preference to none.

One more peculiarity of West German finance capital is that it has regional financial groups, most of them in Bavaria, united round the Bavarian Mortgage and Discount Bank and the Bavarian Banking Union. The strength and relative independence of these financial groups arise primarily from their close links with the local authorities and industry.

MONOPOLY ALLIANCES AND THE STATE

When Lenin commented on the high degree of organization of German finance capital, he had in mind not only their coalescence but also their close relations with state power. This is manifested above all in the fusion of the power of the biggest monopolies and monopoly alliances, on the one hand, and the executive and legislative organs as represented by government and parliament, on the other.

There are five principal monopoly alliances in West Germany which exert a considerable influence on the entire system of state and private enterprise: the Federal Union of German Industry (BDI), the Federal Union of Private Banks (BPB), the Federal Union of Chambers of Commerce and Industry (DIHT), the Federal Union of Employers (BDA) and the Wholesale and Foreign Trade Union (GDGA). Their activities are coor-

dinated by a committee who invite members of the government and top-ranking officials of the ministries to attend their meetings. The leading position among these alliances is occupied by the Federal Union of German Industry, headed by Fritz Berg.

These monopoly alliances use a variety of ways to join forces with the state: "assistance" in drafting laws; amendments to bills; memoranda on various questions; participation in staffing the state apparatus; constant contacts through various committees and commissions, through advisers as well as directly between leaders of employers' unions and top government officials; seizure of key positions in the ruling party to influence the composition and policy of the government. For instance, from 1950 till 1966 the Federal Union of German Industry (BDI) alone submitted to the government and the ministries (principally those of Economy and Finance) more than 3,000 projects, amendments and memoranda on various problems of economic policy most of which were given practical effect by the government. A considerable role was played by the Federal Union of Private Banks in the drafting and enactment in 1965, of the "stock right law" and in the decision whether to lift restrictions on interest rates for credit institutions in 1967. Recently the Union was taking part in the preparation of a "financial reform law." As regards the Federal Union of Chambers of Commerce and Industry, in 1966 alone it sent to government agencies sixty-six demands and suggestions, among them some concerning taxes, duties and depreciation write-offs, proposals to the Common Market Commission, to the drafters of the law "on pro-

moting the stabilization of economic growth," and so on. [1]

The monopoly unions have been especially active since the mid-sixties, largely due to the mounting internal and external economic difficulties: deceleration of growth rates, marketing problems, inflation, considerable unemployment, etc. Monopoly capital has vigorously raised the question of a stronger and "more systematic" intervention in the economy by the state. In 1966 employers' associations presented the government with new problems: stabilization of economic development, medium-term planning of the federal budget, changes in tax legislation, "financial reform", "emergency laws", etc. The Erhard government proved incapable of coping with these tasks and had to step down. A "grand coalition" was summoned to deal with the economic and political crisis. Promptly responding to the demands of monopoly capital, the Kiesinger government declared that its economic policy would be based on the principle of a "concert performance", in which the employers' associations were to play, of course, first fiddle. H. Abs, Chairman of the Supervisory Board of Deutsche Bank, had every reason to say that "a better government could hardly be imagined."

The leaders of the employers' unions do not conceal that they have "their men" in the ministries. They are often able to find a job for one of their men by a telephone call. In turn, top government officials and party functionaries are paving the way for their possible transfer to

[1] *Deutscher Industrie- und Handelstag*. Bericht, 1966, S. 256-259.

business. For example, Karl Blessing has left his job with a margarine firm for the post of President of the Bundesbank, while Karl Bernard, former President of the Central Council of the Bundesbank, has become manager of the Zeiss "charity" fund. E. Mende, former Chairman of the Free Democratic Party, now heads the West German branch of the American investment company.

Having chosen a policy of working through ministries and departments, the monopoly alliances have set up numerous commissions, committees and other organs patterned on ministerial ones through which they maintain close, permanent contacts. Small wonder that these alliances are increasingly referred to in West Germany as not simply pressure groups but as "states within a state," and West Germany, as "a state of business unions."

STATE MONOPOLY REGULATION OF ECONOMIC DEVELOPMENT

After the world economic crisis of 1929-33, when the Anglo-Saxon countries had just begun to use methods of economic regulation, Nazi Germany which was preparing for a new world war, set a new example of open military state monopoly capitalism. Direct administrative methods of governing were intensified (the "Führer" principle in the direction of the economy, compulsory cartelization, compulsory labour conscription, centralized distribution of raw materials and fuel, food rationing, legislation in the field of prices and banking and stock-market activity, etc.).

After the Second World War the West German government proclaimed, as the aim of its economic policy, the solution of the problem of the "magic triangle" (full employment, stable monetary circulation, equilibrium of the balance of payments), which was subsequently supplemented with a fourth "angle"—stability of economic growth. A special "law on promoting the stabilization of economic growth" was adopted in 1967—ironically, the very same year when West Germany suffered for the first time since the war a cyclic crisis of overproduction with a 2.5 per cent drop in industrial output.

The state utilizes a whole complex of levers in its economic policy: finance, tax and credit policy, economic forecasting, and even elements of planning.

As distinct from a number of other European capitalist countries (Britain, Austria, France, Italy), West Germany has never carried out any appreciable nationalization. Rather one could speak of a reverse process, as evidenced by the return to private ownership of Volkswagen, VEBA, Preussag, Lufthansa and other firms. In this respect West Germany is treading in the footsteps of prewar Germany, where state property was augmented chiefly through new construction. At present the West German state owns railways and motor roads, the post, the power industry, many credit establishments, and a number of industrial enterprises. More than half of the entire West German credit system is concentrated in state-owned credit establishments. [1] And

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[1] Calculated according to *Monatsberichte der Deutschen Bundesbank,* July, 1968. S. 66-67.

yet state-owned enterprises are of secondary importance in the system of regulation of privately-owned monopolies by the state.

The principal instruments are state finance and the credit policy. At present the West German state disposes of more than one-third of the national income. Roughly one-fifth of the entire state budget (the federal budget plus the budgets of the Länder and the communities) has been spent in the postwar period on investment, a large part of it on the infrastructure. Together with credits, state investment accounts for more than half the country's total investments. While state-financed building is carried on in the state sector (highways, roads, harbours, offices, gas, water and electric power supply networks, etc.), credits go largely to the private sector, where the bulk of them is spent on building (more than 50 per cent) and agriculture. Industry, trade and transport taken together have received only about 10 per cent of state credits.

As we see, state investment has gone primarily to sectors not sufficiently profitable from the viewpoint of monopoly capital (housing, road building, agriculture, etc.) but important for the capitalist system as a whole, while the most lucrative spheres of application of capital have remained at the disposal of the private sector. At the same time, the state has been carrying out a system of measures (lower taxes, accelerated depreciation, credit- and monetary policy, etc.) to stimulate accumulation in industry, which has led to the growth of so-called "self-financing."

The Kiesinger government tried to centralize state finance even further, that is, to increase the

federal budget as much as possible at the expense of Länder and community budgets.

Credit policy figures prominently in the system of state monopoly regulation, which is based on strengthening the state sector in the credit sphere, on the utilization by the state of means obtained through the credit system (the state in the role of debtor), on the financing of credits out of the state budget (the state in the role of creditor) and on the entire activities of the Bundesbank. What particularly distinguishes the credit policy of West Germany from that of the other capitalist states is that to this day the state has been more of a creditor than a debtor, with the sum of credits granted by the state invariably exceeding the state debt. Here financial policy is interwoven with credit policy. The latter, in its pure form, is practiced by the Bundesbank, which manipulates the discount rate, conducts operations on the open market and regulates the level of minimal reserves of credit institutions, hereby supplementing the financial policy of the state in the interest of monopoly capital. Between 1965 and the beginning of 1967 the central bank of West Germany pursued a restrictive "tight money" policy which caused a considerable worsening in the general economic situation. At the beginning of 1967 it tried to improve the situation by adopting a policy of "cheap money." But neither the financial policy of the state nor the credit policy of the central bank could prevent the cyclic crisis of overproduction which broke out in 1966-67.

The coming to power of the "grand coalition" was marked, as far as the economic policy of the state is concerned, by abandonment of neo-

liberal ideas and active utilization of the neo-Keynesian concepts of "regulated capitalism." The doctrine of neo-liberalism, pursued by Erhard as state policy, proved untenable. The snowballing economic difficulties compelled West German monopoly capital to resort to extending state intervention in the economy and improving the instruments for state regulation.

WEST GERMAN CAPITAL IN THE INTERNATIONAL ARENA

Analyzing the export of capital and foreign investments, Lenin showed how German imperialism, developing at an ever faster pace, had advanced, on the eve of the First World War, to third place in the world, after Britain and France.[1] The defeats in the two world wars dealt a telling blow to the external economic positions of German imperialism. As a result of the Second World War, Germany lost almost all its investments abroad. It looked as if German imperialism would not soon recover. But in 1950 the Western powers unilaterally lifted the ban on the import of capital by West Germany, and two years later sanctioned its export. Between 1952 and 1967 the export of West German capital, which virtually started from zero, grew to 52,700 million marks and exceeded the level attained by Germany in the period between the two world wars (even taking into account changes in the purchasing power of the mark). To this total private investors contributed 27,000 mil-

[1] Lenin. *Coll. Works,* Vol. 22, p. 241.

lion marks and the state 25,700 million (48.8 per cent).[1]

The large share of the state in the total of West German capital exports is a new and important feature of German imperialism. Private capital exports, the classical form of German foreign investment, have not yet reached their former level. The character of private capital exports has also changed. Compared with 1914, when two-thirds of it were placed in stocks and bonds and only one-third was invested directly; today direct investments constitute about half of all exported capital and, if we discount commercial credits, even more than two-thirds of it. Also a new feature is a considerable increase in commercial credits (more than a quarter of all postwar export of private capital), which are, as a rule, government-underwritten and granted to developing countries.

Speaking of the geographical distribution of investments of private capital of the imperialist countries on the eve of the First World War, Lenin wrote that "German capital invested abroad is divided most evenly between Europe and America."[1] This holds true for West Germany today as far as private investments are concerned. Such investments are still made principally in the capitalist countries of Europe and North America. Only one-fifth of them have been

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[1] These and subsequent calculations were made according to: Katja Nehls. *Voraussetzungen, Formen und Bedeutung der westdeutschen Kapitalexporte 1952 bis 1958*. Berlin, 1963, S. 112, 113; *Außenhandels-Blätter*. Kommerzbank, No. 17, 1967; *Monatsberichte der Deutschen Bundesbank,* Juli 1965, Mai 1967, Mai 1968.

[2] Lenin. *Coll. Works,* Vol. 22, p. 243.

made in Latin America and still less in Africa and Asia.[1] In contrast, up to four-fifths of exported state capital is directed to developing countries, whose share in the total export of West German capital in 1952-1967 approximated two-thirds. This new development is a vivid illustration of the way in which West German monopoly capital, deprived of its former foreign investments, makes wide use of government support in penetrating the international arena.

Long-term credits are the most widely practised form of West German state capital export. Prior to 1968 West Germany had granted DM 10,300 million in direct credits and DM 7,300 million through international organizations. About two-thirds of West German state credits go to Asian countries, approximately one-fifth to Africa and the rest to Latin America.

An important feature of the export of West German state capital is the active role played by the Bundesbank. Towards the end of 1967 its credits to international organizations had reached DM 2,500 million, or 10 per cent of the total export of capital by the state. Few central banks in other capitalist countries can equal the Bundesbank in this respect.

State "aid" to developing countries deserves special attention. West German official statistics include here all forms of state capital export, such as credits, participation in international credit and financial organizations, subsidies, technical "assistance", etc. This does not prevent West Germany from getting an average of 4 per

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[1] H. Seifert. *Die deutschen Direktinvestitionen in Ausland.* Köln, 1967, S. 72.

cent in interest of long-term credits and using these receipts to pay for its own export to those countries. As has been admitted by the West German Minister of Economic Cooperation, H. Wischnewski, up to 85 per cent of state credits to the "third world" are spent in payment for orders received by West German industry from developing countries. This makes Lenin's comment in 1916 sound relevant today: "The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly on orders for war materials, or for ships, etc."[1]

The character of West German "aid" is also shown by the fact that between 1955 and 1966 West Germany received from developing countries DM 3,000 million in interest and repayments. The issue of non-returnable grants virtually ceased in 1966. Instead, increasing importance is assumed by technical "assistance", which is used not only to step up the export of capital (not infrequently, it is made conditional on participation in newly built enterprises) and commodities, but also to facilitate penetration into all areas of the economic life of the "third world".

Growing export of capital is only one aspect of West Germany's participation in the global network of capital. Another is its import. Before the middle of the fifties West Germany did not appear attractive enough to foreign private investors, despite the high rate of profit and encouragement given by the state. But in the past ten to twelve years the influx of private capital has

[1] Lenin. *Coll. Works*, Vol. 22, p. 244.

assumed considerable proportions. Whereas new direct private investments made before 1957 did not exceed DM 1,000 million, since 1960 their annual increase has averaged more than DM 2,000 million. Total foreign investments grew from DM 14,000 million in 1953 to DM 60,000 million at the beginning of 1966.

A powerful impetus to the export of capital to West Germany was given by postwar European economic integration. Prior to the formation of the Common Market more than half of the production of American firms in Europe was concentrated in Britain, which the United States wanted to use for extending its influence to Western Europe. With the emergence of the EEC, and especially after Britain's entry into it became uncertain, the United States intensified its direct invasion of the countries of the "Six", choosing West Germany as its principal target. In 1957 only 350 American firms operated in West Germany. Now there are more than 1,200. In April 1968 direct private US investments there were assessed at DM 14,900 million. Foreign capital accounts for about 10 per cent of the nominal capital of West German firms, and more than a third falls to the share of the United States.

As distinct from West Germany's export of capital, its import of foreign capital proceeded entirely on a private basis, predominantly in the form of direct investments. It is noteworthy that foreign capital secured particularly strong positions in industries that determined the country's postwar economic development, such as car manufacturing, oil processing, chemicals and electrical engineering, where growth rates were

highest and the introduction of the latest scientific and technical innovation most intensive. Thus, West Germany imported not only capital but also the achievements of world scientific and technological progress.

In the car industry, the two firms, Opel and Ford, affiliated branches of American monopolies, manufacture up to two-fifths of all West German cars, while US-controlled enterprises turn out about one-third of all oil products.

After US monopolies come the Dutch and Swiss, with interests chiefly in the electrical engineering, chemical and oil-processing industries. The share of the Netherlands in the total nominal capital of foreign-owned companies equals 17.4 per cent and that of Switzerland, 16 per cent.

In opening the doors to foreign monopolies, West German finance capital was guided by both economic and political considerations, counting on their backing in carrying out its aggressive plans.

In the late 1950s, having surpassed Britain in the volume of industrial production and foreign trade, West Germany became the second industrial capitalist power after the United States. Its share in the industrial production of the capitalist world rose from 4.2 per cent in 1948 to 8.7 per cent in 1967. (Meanwhile Britain's share dropped from 11.9 per cent to 7.5 per cent). West Germany made its highest contribution to world capitalist production—9.9 per cent in 1961. Since then its share has somewhat decreased, which is fully in keeping with the character of its internal economic development, noted above, and slackening growth-rates registered in the 1960s.

Thus, the "economic miracle" myth so long extolled in official documents, by the press, radio and television of West Germany has been exploded. Instead of "eternal prosperity", in 1966-67 West Germany experienced Western Europe's deepest postwar cyclic crisis of overproduction. Thus the example of West German imperialism too bears out the law of uneven development of capitalist countries. At present West German monopoly capital is in real danger of being outstripped by its Japanese rival, which is already stepping on its toes.

"The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system,"[1] Lenin wrote. This uneven and spasmodic development is constantly giving rise to serious contradictions which no processes of integration can eliminate. This is borne out by the fact that West German imperialists have already seized leading positions in the Common Market and are trying to force adoption of their "little Europe" concept with the increased role of the supra-national organs.

French Monopoly Capital: Its Past and Present

A. POKROVSKY

"Unlike British colonial imperialism, French imperialism might be termed usury im-

[1] Lenin. *Coll. Works*, Vol. 22, p. 241.

perialism,"[1] Lenin wrote in 1916. The operations of French banks, involving thousands of millions, made France a major financial centre, the first in the world in the export of loan capital.

This money-lending tendency influenced the economy in two ways: on the one hand, the inordinate growth of banking capital created an appearance of prosperity; on the other, it undermined the very foundations of the French economy. The limited capacity of the domestic market, the insufficiency of the fuel and raw material base, the prevalence of small and medium-scale production, the low technical level—all these deficiencies in French capitalism demanded the mobilization of vast sums of capital for the country's industrial development. But because of the money-lending proclivities of the French banks capital flowed in the opposite direction: from the national economy to the world market. As a result France, as Lenin aptly put it, remained a "first-class, but not fully independent" imperialist country.[2]

Lenin's analysis of the peculiar features of French imperialism provides the key to understanding the character of France's subsequent complex economic and political evolution. The greater prevalence of small-scale industrial production, compared with other imperialist countries acted as a strong catalyst of the growth of state-monopoly capitalism. It hastened the transformation of the French economy on a highly-concentrated industrial basis, a process which

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[1] Lenin. *Coll. Works,* Vol. 22, p. 243.
[2] *Ibid.,* Vol. 39, p. 202.

was virtually completed towards the end of the 1950s. The policy of national autarchy, a direct consequence of inadequate industrial development, ceased being a distinguishing feature of French imperialism. Today French trusts compete successfully with their West German, British and American opposite numbers. Nevertheless, the proportion of capitalist production that falls to the share of monopolies in France is not so impressive as in the United States, West Germany or Britain. But French imperialists are closing this gap at a truly unprecedented rate in the history of monopoly capitalism.

French imperialism has lost its "usurious" character; its relations with both economically advanced countries and former colonies rest now almost entirely on an industrial and commercial basis. A feature that distinguishes French capitalism from that of the other leading capitalist countries is that it has at its disposal giant state-monopoly industrial amalgamations some of which embrace whole branches of industry. Owing to this a large part of the national economy is based on a system of state programming. The monopolies use long-term economic programmes as an effective and flexible means for consolidating their domination both within and outside the country.

The development of state programming is connected with another feature of French capitalism, namely, the delegation by the *patronat*[1] to the state of exceptionally broad control over the distribution of monetary capital in the economy (but with only partial right to ownership

[1] Confederation of industrialists.

of this capital). The state makes fairly wide use of national monetary accumulations for extending long-term investment credits. It is precisely this new feature, which arose out of the desire to deal with the general crisis of capitalism, that enabled the national monopolies to achieve some success in recent years. To some extent, they have rationalized the economic structure; they have partially stabilized the rate of industrial growth; they have achieved greater flexibility in their economic and political relations with other countries, including former colonies; and, ultimately, they have increased their wealth.

Has French monopoly capital strengthened its positions? A simple answer to this question cannot be given. In the economic and political respect, the changes are evident: French trusts have almost reached world production standards and successfully compete with the biggest industrial powers. France's position in foreign affairs is also stronger.

FROM INTERNATIONAL MONEY-LENDING TO INDUSTRIAL EXPANSION

The capitalist world of the late 19th and early 20th centuries had no country that could equal France in the degree of centralization and concentration of banking accumulations, and in the extent of the influence of loan capital. "France was a vast reservoir of loan capital from which all countries of the world drew,"[1] wrote Ch. Rist,

[1] Ch. Rist. *De la France avant-guerre à la France d'aujourd-hui.* Paris, 1939, p. 334.

a prominent French bourgeois economist. A special place was occupied in France's banking system by a group of leading financiers which included such well-known figures as Hottinguer, Mallet, Mirabaud, de Neuflize, Verne, Rothschild and Lazard. They almost wholly controlled the export of capital (primarily in the form of loans), which on the eve of the First World War totalled 60,000 million gold francs.

The chief reason why money-lending became so widespread in France in the 18th and 19th centuries was the predominance of small properties, a feudal heritage which provided favourable conditions for the appearance of money-lenders first in the countryside and then in towns. The process of class differentiation in the French countryside proceeded slowly as did the migration of the rural population to the cities, which not only retarded growth of the home market but kept up the price of labour power. All this increased the interest of enterpreneurs in the export of loan capital.

The determining effect of the usurious practices of French imperialists on the country's subsequent development was repeatedly pointed out by Lenin. In 1916 he wrote: "Capitalism, which began its development with petty usury capital, is ending its development with gigantic usury capital... All the conditions of economic life are being profoundly modified by this transformation of capitalism."[1] At the same time, Lenin emphasized that what French imperialism showed was "precisely the extraordinarily rapid develop-

[1] Lenin. *Coll. Works*, Vol. 22, p. 233.

ment of *finance* capital, and the weakening of industrial capital".[1]

The money-lending character of early French imperialism was one of the main causes for France's slower economic development as compared with that of the other big imperialist countries. It is true that the export of capital somewhat slowed down industrial progress in Britain and in certain other imperialist countries. But where capital was exported in a productive form it stimulated, to a certain extent, development of the national industry, whereas its export in the form of loans inhibited it.

Small wonder that industrialization proceeded less quickly in France than, let us say, in Britain or Germany. In the 1870-1913 period French industrial production tripled while the amount of capital placed abroad, primarily in loans, grew six-fold. The centralization of banking capital was exceptionally intensive, but the increase in industrial accumulations was slow. French industrial capital developed on a restricted industrial basis which affected the forms of monopoly capitalism it adopted and the conditions in which it grew into state monopoly capitalism.

The degree of concentration of industry was comparatively low. In 1906 small factories employing less than 100 workers constituted 60.4% of the total number in manufacturing industry and 55.1% in transport (86.5% without railways). Even in the more concentrated extractive industry their share did not exceed 11%. Only the steel industry and, in part, chemical

[1] Lenin. *Coll. Works*, p. 268.

production had reached the level of the advanced capitalist countries.

Industry was poorly equipped technically, with only 16% of factories mechanized in 1906.

The growth of labour productivity remained relatively slow right up to the world crisis of 1929-1933. As a result, France's share in world industrial output gradually decreased to 4% in 1937 as against 6% in 1913.

At the same time French imperialism was losing its position of world rentier, and with it its money-lending character, a process which quickened with the onset of the general crisis of capitalism. The first blow at the foundations of France's financial power was delivered by the Great October Socialist Revolution; with the collapse of Russian tsarism it lost its principal debtor.

The decline in France's money-lending operations and her adoption of a course of industrial expansion first at home and then abroad were closely interconnected and interdependent processes. In the 1920s, French imperialism, after its first major loan capital losses, was faced with the necessity for finding new forms of economic expansion. In those years French finance capital became painfully aware of the narrowness of its industrial base, which ruled out the possibility of immediate compensation for those losses by expansion of capitalist exploitation inside the country.

Consolidation of the position of French imperialism through the former channels of private money-lending was absolutely out of the question. The reason for this was not only the lack of future in the money-lending business but also

the fact that money accumulations required by the scale of prospective industrial modernization were far greater than the individual investor could provide. Thus France began to feel much more acutely than other countries the need for the fullest involvement of the state in the process of industrial reconstruction.

FROM NATIONALIZED ENTERPRISES TO MIXED CAPITAL

Precisely because of the predominance of small-scale industrial production in France, state monopoly capitalism there has developed particularly fast. The question is that the level of industrial concentration sufficient for the appearance of monopolies, first private and then state, was reached differently in different countries. In France this level was lower than, let us say, in Germany or Britain, countries of developed industrial capital. But here the low degree of industrial concentration was compensated for by the power of banking capital. Finance capital developed as a basis for monopoly capitalism, sufficiently rapidly, although in a one-sided manner.

At the same time, with the weakening of the imperialists' positions as money-lender and colonialist, it became necessary to eliminate the above-mentioned weakness in the structure of industry. This problem became responsible for the increasingly active measures taken by the French state; the most radical of these was the partial nationalization, which gave French capitalism a big push towards state-monopoly de-

velopment. Largely a compulsory measure with regard to the French monopolies, it was carried out in two stages: in the period of the Popular Front and in the first postwar years, but each time in conditions where the masses were very active politically and the French Communist Party played a direct part. Later on, however, the *patronat* succeeded in subordinating nationalized production to its narrow class interests.

Present-day France stands out among the other imperialist powers not only for the impressive scale of her nationalized production but also for her state control over a considerable part of the credit-banking system. Today the state owns at least 20% of total production capacity, approximately three-fourths of which fall to the share of eight large national companies: Electricité de France, Gaz de France, Charbonnages de France, Renault, Société nationale des chemins de fer (railways), Régie autonome des transports parisiens (city of Paris transport), Aeroport de Paris and SEITA (the tobacco and matches monopoly).

In addition, there are more than 150 large mixed enterprises (not counting their branches), which hold about 35% of share capital in the country.

French modern state-monopoly capitalism is based on state and mixed enterprises. But it would be wrong to lump together indiscriminately the exclusively state-owned enterprises (nationalized or newly-established) with mixed companies under the one term state sector. There have arisen, in recent years, substantial socio-economic distinctions between these two types of enterprises, with the majority of the mixed

ones showing a tendency towards gradually reducing state participation to a level below 50%. "It will be known," A. Chazel and H. Poyet write in their book *Mixed Economy*, "that the portfolio of state participation in mixed enterprises has in most cases decreased, and not grown, in the past fifteen years." [1]

Where private capital prevails mixed business conforms in greater measure to the class interests of the bourgeoisie, as it never conflicts with the sacred principle of private ownership. In such cases the state participates in mixed capital as a private individual and its operations are controlled by private regulations and not by public laws. The timid amendments introduced by supplementary legislation into the operations of this type of mixed enterprises merely affect, however, such secondary matters as the scope of the administrative personnel who operate the state's share of mixed capital and supervise marketing of production.

Mixed capital is regarded by the French monopoly bourgeoisie as the most convenient and effective instrument for using the public purse. The system of mixed enterprises testifies rather to the use of state funds by private capital than to state intervention in the capitalist economy. Moreover, the French *patronat* regards joint-business operations with the state as much less dangerous than total relegation of enterpreneur functions to the state. And lastly, mixed capital is viewed as a system flexible enough to allow for

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[1] A. Chazel et H. Poyet. *L'Economie mixte*. Paris, 1963, p. 50.

the extension of the private monopolies' sphere of influence in production.

It is true there are mixed enterprises with the state playing the dominating role, but their number has been diminishing over the past years.

Mixed capital has been steadily gaining strength in the system of French monopoly capitalism. Annual investments by mixed enterprises have grown many times over in the past ten years, whereas those by state-owned societies have barely advanced (from NF 6,600 million in 1959 to about NF 7,900 million in 1966). Thus the priority growth of mixed capital with the simultaneous checking of the expansion of state property are an important feature of the current development of French monopoly capitalism.

STATE CONTROL IN THE SPHERE OF MONETARY CAPITAL

France is far ahead of the other industrially developed capitalist countries in the number of her state financial institutions. These handle roughly 80% of all savings and current accounts. Of this amount, 45% are held by four nationalized deposit banks—Banque Nationale pour le Commerce et l'Industrie, Comptoir National d'Escompte de Paris, Crédit Lyonnais and Société Générale—and another 45%, by the biggest state deposit and savings bank Caisse des Depôts et Consignations. The remainder is distributed among the semi-state owned Caisse Nationale des Marchés de l'Etat (the National Bank of the State Market), Caisse Centrale de la France d'Outre-mer (the Central Bank of the Overseas

Territories) and some other institutions. The state owns La Banque de France, which engages principally in emission and discount operations. Besides, there are more than 30 nationalized insurance societies, among the biggest of which are Aigle, Compagnie d'assurances générales, La Nationale, Phenix, Soleil, Union, Urbaine. These societies concentrate in their hands about 60% of all the country's insurance funds. Finally, the state controls almost all "specialized" financial institutions, which finance a considerable part of industrial investment. On the whole, the French state directly controls 45 to 50% of the monetary funds used in capital investment.

However, the financial organs of the state do not play the dominating role in the system of French finance capital. Financial domination is based, as before, on such influential groups as Banque de Paris et des Pays-Bas, Banque de l'Indochine, Credit industriel et commercial, and others. The influence of these financial giants extends to the nationalized sector as well. Taking advantage of the budgetary difficulties of the state, they often "go shares" with the state, which gives them a measure of control over state-run production.

In addition, an essential distinguishing feature of the state financial institutions—deposit banks, insurance companies, savings banks and specialized organs—is that their monetary funds do not constitute state property unlike those of the budget. True, a certain insignificant part of these funds (insurance payments, for instance) do become state property, but the bulk—deposits, savings accounts, pension deductions by enterprises—pass through state institutions "in tran-

sit", and remain private property. In this instance the state ensures the centralization and distribution of national monetary funds.

It is highly indicative that the activities of the financial organs of the French state do not go beyond the bounds of providing enterprises with cash credits. The banks and insurance companies controlled by the state engage almost exclusively in deposit and credit operations, leaving production and marketing in the hands of private monopolies. By keeping the state out of the production and marketing sphere the latter not only retain the right to appropriate the major share of the profits, but exercise this right under the exceptionally favourable terms provided by advantageous state credits.

State control over the distribution of monetary capital underlies the mechanism of capitalist programming which is an essential feature of modern French capitalism. Carrying out selective stimulation of industrial investment (credit, taxation, etc.) this new form of state regulation, far from infringing capitalist property helps to increase it. In the twenty-year period and more of carrying out long-term economic programmes (1947-68), financing of investments from state-controlled funds amounted to approximately 300,000 million franks which equals half of France's GNP in 1968. The lion's share of this went into the productive capital of the monopolies.

In addition to augmenting capitalist property generally, state programming in industry solves another problem important to monopoly capitalism—that of restructuring industry on the basis of its intensified concentration.

INCREASED RATES OF INDUSTRIAL CONCENTRATION

Many laws were enacted in postwar France enabling larger enterprises to swallow up smaller ones. As a result of concentrating on a structural policy, the French state achieved its aim: while in 1900-45 794 mergers of banks and industrial establishments took place, in 1945-64, a half as long period, there were 1,802. The average annual number of mergers in the 15 years between 1950 and 1964 was approximately 60 times more than throughout the first half of the century. [1]

The degree of industrial concentration rose sharply with nationalization of the fuel and power industries and of transport. In 1965 the state-owned "Big Eight" had 780,000 employees, as against 630,000 employees in the fifty biggest private monopolies. At present less than 300 firms control a quarter of all industrial production.

Concentration provided the basis for greater monopoly of production. As distinct from the prewar period, when cartels, which only indirectly regulated production by the enterprises controlled by them, were the most typical form of monopoly, today trusts predominate in France. Today the country's economy and policy are controlled more actively than before by about 50 multimillionaire trusts.

However, the French monopolies are less impressive in size than the industrial trusts of the

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[1] H. Claude. *La concentration capitaliste*. Paris, 1963, p. 104.

United States, Britain and West Germany. In 1967 the United States had 175 corporations with a turnover of more than $500 million each; Britain, 28; West Germany, 18; and France, only 13.[1]

As regards concentration of production, the turnover of General Motors and Standard Oil of New Jersey exceeds that of the 50 biggest French companies taken together.

While noting that France is lagging behind the other imperialist countries in industrial concentration, it should be pointed out that this criterion is not enough by itself to assess the degree of development of monopoly capitalism. The fact is that monopolization of any particular branch of French industry is brought about by several trusts closely connected by co-participation in share capital. This factor can be seen in other capitalist countries as well, but in France it is particularly evident. Let us take for example the French metallurgical industry, a huge production complex which, despite sharp internal competition provides the monopolies with a single base for conducting operations on international markets, specifically in the European Coal and Steel Community.

The structural economic policy in France is now being intensified with the help of state programming. The strategic aim of the Fifth Plan (1966-70) is "to strengthen the might and competitive power of the French industry, to hasten the formation of development of internationally important amalgamations." It is believed, in this connection, that "in the majority of large sectors

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[1] *Fortune*, June 15, September 15, 1968.

of industry—aluminium refining, iron-and-steel, mechanical engineering, power, chemicals and others—the number of enterprises or amalgamations should be reduced to one or two."[1] As we see, the current programme has retained the chief objective of French state programming: consolidation of the international positions of industrial capital through rationalizing the economic structure.

Owing to the structural reorganization, the leading place in the French economy has come to be occupied by the power, gas, oil refining, mechanical engineering, electronic, chemical, aircraft industries and industrial building, which turn out (according to 1966 data) about a quarter of GNP. An important role is played in the French economy by the services and trade which account for more than 30% of GNP. Agriculture's share in the national economy does not exceed 8.5%. In other words, France is, today, a typical industrially developed capitalist country.

BEYOND NATIONAL BOUNDARIES

No other developed capitalist country with the possible exception of Britain, feels the increasing general crisis of capitalism so acutely as France. The French colonial empire, which covered a total territory of more than 12 million square kilometres in Africa, Asia, America and Oceania and had a population of about 70 million, has disintegrated, but the French patronat has not abandoned its economic interests in its former colonies,

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[1] *Projet de rapport sur le Ve Plan.* Paris, 1965, p. 8.

although it has had to change its imperialist strategy there. The emphasis in financing the economic development of former colonies has been shifted from private to state investments. This reorientation was particularly conspicuous in the years of the most intensive disintegration of the colonial system (latter half of the 1950s). Having reached NF 7,300 million in 1953 (in current prices), private investments in the French colonies and "overseas countries" fell to NF 3,000 million in 1959, while state investments rose in the same period from NF 135,000 million to NF 227,000 million. Throughout the 1952-1959 period state and private investments there totalled 1,112 million and 41,300 million francs respectively. This trend has continued to this day.[1] It should be stressed that since these investments take, primarily, the form of credits, the financial liabilities of the "overseas countries" to France are growing, and with them their economic dependence on her.

In addition to national sources (the Assistance and Cooperation Fund), the state utilizes various international funds in its policy of "aid" to the former colonies. In this way French monopoly capital is taking an active part in the efforts of the imperialist countries to consolidate the neo-colonialist system.

To retain its economic grip on the former colonies, France is expanding her trade on a large scale. In recent years the share of French commodities in the imports of the franc area countries (with the exception of South Vietnam, which receives more than one-third of its imports from

[1] *Etudes et conjoncture*, juin 1967, pp. 432, 438.

the United States) has reached 60 to 80%. Despite strong foreign competition, France manages not only to preserve but also strengthen its trading positions with a number of countries of its former empire.

One of the most flexible instruments France uses to secure the socio-economic attachment of "overseas countries" is her system of state programming, which allots a special place to some of these countries. Specifically, the last two economic programmes (for 1962-65 and 1966-70) pay particular attention to France's "social rapprochement" with her "overseas departments" of Martinique, Guadeloupe, Guiana and Reunion.

However, the French monopolies are by no means successful in expanding trade with all the "overseas countries". France's export to these countries shows a downward trend: NF 6,800 million in 1966 as against NF 8,900 million (in comparable prices) in 1959—a decrease of 23.6%. In the same period its total export went up by 78.5%.

As regards the rate of growth of commodity exports in the postwar period France is second only to West Germany and Japan. There is a particularly rapid increase in her export to Common Market countries: 123.8% in the 1959-66 period. In 1966 almost 41% of French export went to Common Market countries, 13% to "overseas countries", 11% to the United States and Canada, and 35% to the rest of the world, including 4% to socialist states. By virtue of the faster growth of imports France's postwar balance of trade with all countries, except the Soviet Union, has practically always shown a deficit. In

1964-66 its negative balance of trade totalled NF 8,600 million.[1].

The direction of the export of capital which is now exclusively geared to production, follows on the whole, in the wake of the expansion of trade. In 1965 the aggregate French foreign investment amounted to NF 40,000 million (8,000 million dollars), with most of it concentrated in countries of the Organization for Economic Cooperation and Development (45%), Common Market countries (28%) and the United States and Canada (13%). It should be noted, however, that in recent years French investments abroad have been growing much more slowly than foreign investments (chiefly, American) in France itself. Almost half of all these investments have come from the United States.

Increased dependence on the external market of commodities and capital is a characteristic feature of France's present-day economic development caused by emphasis laid by French monopoly capital on economic expansion abroad. In the past decade production for the external market has been growing in France approximately 50% faster than private consumption and twice as fast as state consumption. Having detached external exchange from the requirements of the national economy, the French monopolies are endeavouring to fortify their positions in the general system of world capitalist production.

In large measure due to the expansion of trade, but also due to rationalizing the economic structure and partially to the growth of private

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[1] *Etudes et conjoncture*, juin 1967, p. 211.

consumption, which was closely linked with the strike movement and the fast population increase, France has succeeded in retaining her share in world capitalist industrial production in the postwar period. At present it ranks fifth after the United States, West Germany, Britain and Japan, and in the production of GNP per worker it is even closer to the United States (63.6% of the US level) than the other leading capitalist countries.

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The unprecedentedly large state expenditures which attended the above-noted changes in French capitalism gave rise to grave financial difficulties culminating in a sharp crisis of the monetary system. The government's attempts to resolve its problems by putting added pressure on the working class, were unsuccessful this time and led to mass labour action in the summer of 1968.

The May movement of 1968 was the climax to the events of a whole decade during which state-monopoly capitalism was consolidating its positions. The ruling class began a large-scale attack on the economic and political rights of the working people. A whole series of decrees were passed which laid legal foundations for the subsequent "austerity" policy. Increasingly heavy taxes, a wage-freeze, a profound housing crisis, growing unemployment, elimination of some of the social gains of the people—such, in brief, were the consequences of the government's policy.

In those years labour productivity in industry was growing rapidly (in 1958-67 122% in the oil-processing industry, 91% in the chemical in-

dustry, 48% in the economy as a whole), and so were the profits: in 1961-67 a 100% increase in dividend payments per share declared by Air Liquide, 91% by Pechiney, 87% by Ugine-Kuhlmann, and so on. As for the purchasing power of wages, it rose by a meagre 3 to 5% in some years, and this only thanks to powerful strikes.

Towards the middle of 1968 class discontent reached boiling point.

The French Communists appraised the events of May and June as "the first serious clash of the period of intensified capitalist concentration, the first major confrontation between the working people and monopoly rule caught in a vice of insoluble contradictions". Mounting class struggles, acute social crises erupting in conditions of highly developed capitalism can undermine the foundations of monopoly power.

The Rise of Italian Monopoly Capitalism

A. POKROVSKY

Monopoly capitalism in Italy is marked by the fact that capitalist development began later there than in other countries. The long-standing political disunity of the country, the absence of a single national market, the shortage of free capital, and the scarcity of raw materials were all factors inhibiting the growth of large-scale industry and mature capitalism. At the

time of the industrial revolution in Britain at the end of the 18th century, Italy only had small primitive enterprises engaged, for the most part, in the processing of agricultural products.

DISTINGUISHING FEATURES OF ITALIAN IMPERIALISM

The big financial and industrial bourgeoisie was only established as an independent social force and emerged as a factor in world affairs after the bourgeois-democratic revolution of 1860, which led to the unification of the country and the establishment of the Italian state. Since the revolution was not carried through to the end, the landed aristocracy were able to retain comparatively strong economic positions, and Italy remained for many years a semi-feudal country with a low level of capitalist accumulation.

The influential caste of big landowners enjoying the traditional support of the state hampered the development of capitalism in the country. Thus the bourgeoisie, despite its seizure of political power, could not draw the peasants into the orbit of capitalist exploitation. The area in which the bourgeoisie could operate inside the country was extremely limited, it decided to embark on a campaign of active external expansion, and seizure of colonies to compensate for the limited capacity of the internal market and the scarcity of domestic raw materials. But the Italian capitalists' aggressive actions abroad met with fierce resistance. Lenin had this to say in this connection: "In 1880, Italy's Abyssinian expedition came to grief and her imperialist ambitions suf-

fered defeat. Her possessions in East Africa were limited to Eritrea and a protectorate in Somali."[1]

The Italian monopolies, which emerged at the end of the 19th and beginning of the 20th centuries, strove hard to consolidate their weak position and even laid claims to a place among the biggest imperialist predators.

Development of Italian pre-monopoly capitalism into imperialism was accompanied by an increasingly aggressive and reactionary foreign policy. Lenin observed in 1915: "Revolutionary-democratic Italy, i. e., revolutionary-bourgeois Italy, the Italy that cast off the yoke of Austria, the Italy of the times of Garibaldi, is changing before our very eyes into an Italy that is oppressing other peoples and plundering Turkey and Austria, an Italy of a crude, repulsively reactionary and rapacious bourgeoisie whose mouth waters at the prospect of a share in the loot."[2]

The belated emergence of Italian imperialism and its relative weakness predetermined the considerable scale of the support extended to the monopolies by the state. Inside the country this support took the form of state orders, subsidies, lower taxes, protectionist customs duties, etc. The external economic expansion of the monopolies was accompanied by an aggressive foreign policy on the part of the Italian government. Thus the fusion of monopoly power with the power of the bourgeois state which Lenin called state-monopoly capitalism assumed in Italy relatively greater proportions and occurred earlier than in some

[1] Lenin. *Coll. Works*, Vol. 39, p. 407.
[2] Lenin. *Coll. Works*, Vol. 21, p. 357-358.

other states. But the emergence of state-monopoly capitalism was a consequence of the weakness of the Italian monopolies rather than of their increased strength, as was the case in a number of other capitalist states. As regards the influence of the state machine on the political and socio-economic life of the country, in this sphere the ruling classes supported for a long time the concept of "strong rule" inherited from medieval absolutist and tyrannical regimes.

During the First World War the Italian monopolies grew considerably richer and stronger. Military allocations, primarily for heavy industry, increased the strength of a number of private companies which seized dominant positions in the country's economy. (FIAT, Pirelli, Montecatini, and others).

Lenin noted that "Italian imperialism is manifested not only in conquests, but in a growing feeling of mutual guarantee, in pan-Italianism. An all-Italian rally was held in Rome as early as October 1908, and another in 1912 in Forli...[1]" In the early 1920s political power in the country was seized by the ultra-reactionary elements of the bourgeoisie which installed an open terroristic dictatorship, fascism.

In order to consolidate at any cost its position at home and abroad, Italian imperialism opted for a fascist dictatorship in order to smother the growing movement of the progressive forces for democracy. The fact that fascism originated in a country with a relatively weak bourgeoisie shows that the expansionist aspirations of imperialist states which have for some reason or other found

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[1] Lenin. *Coll. Works,* Vol. 39, p. 519.

themselves relatively weak often lead to terror and violence, to the abolition of democratic institutions.

Fascism's advent to power brought about a further consolidation of the Italian monopolies, as the government encouraged concentration and centralization of capital. Banking and industrial capital became much more closely linked. The three biggest deposit banks, Banca di Roma, Banca Commerciale Italiana and Credito Italiano, became strongholds of Italian finance capital.

The period of fascism was marked by greater state intervention in the economy. Anxious to consolidate the weak sectors of the capitalist economy, the government did not spare budget funds in supporting private capital, its principal aim being to build a base for the militarization of the economy. One of the widespread forms of state intervention in the 1920s was the so-called cleaning up the economy, which included various forms of bourgeois nationalization. The essence of "cleaning up" was purchase by the state of unprofitable enterprises headed for bankruptcy with their subsequent reconstruction and modernization. Later on some of these enterprises were denationalized, i. e., returned to their owners.

The biggest cleaning-up operation was conducted during the world economic crisis of 1929-33 and had far-reaching consequences for the national economy. The three principal deposit banks found themselves in that period on the verge of bancruptcy: the instability of the economy and the increased demand for cash had caused a major outflow of deposits, and the banks, which had invested money in industrial shares, could not satisfy their depositors because

of a catastrophic drop in stock prices. The fascist state came to the aid of the financial bourgeoisie and bought out, at a high price, the shares held by these banks, which were thus able to meet the demands of the depositors. As a result of this operation, which was designed this time, not to "clean up" the economy, but to buttress the tottering pillars of finance capital, the state came into possession of controlling interests in numerous industrial companies and later on in the banks themselves. Administering a complex, many-sided economy demanded the establishment of special organs. One of the most prominent became the Industrial Reconstruction Institute (IRI), set up in 1933, in which was vested control over many branches of the economy, including a considerable part of the credit system and the steel-making, ship-building and engineering industries. There came into being a "mixed economy" which was to a certain extent regulated by the activity of state-owned properties.

Special mention should be made of the extension of state control to the credit system. It culminated in 1936 in the adoption of the "Bank Law" which placed under state control not only the deposit commercial banks but long-term credit institutions as well, among them Instituto Mobiliare Italiano (IMI), the biggest industrial credit establishment which still holds a dominant position today. The monopoly of credit by the state—a specific feature of the structure of Italian capital—helped accelerate the development of state-monopoly capitalism.

Thus, by the middle of the 1930s in addition to direct state monopoly control of the economy,

a system of indirect regulation had grown up in Italy which went on developing in subsequent years.

The aggressiveness of Italian imperialism, noted by Lenin, reached its apogee under fascism. Mussolini turned the country into a war camp and became embroiled in conflicts with other countries which ultimately led the country to bankruptcy.

After the Second World War the Italian monopolies, having preserved their political power, restored, with the help of US capital, their economic potential as well. Under the influence of a number of new economic and political factors considerable structural changes took place in industry. The structure of finance capital also changed. At the same time, the postwar period was marked by a considerable increase in the struggle of the working class and working people in general, led by the Italian Communist Party, for democratization and social reconstruction of society and for basic economic reforms. Italy's rulers were compelled to reckon with this powerful democratic movement and satisfy at least some of the demands of the progressive forces. For instance, the property of the collaborators was nationalized; land was expropriated from the biggest landowners and 800,000 hectares were made over to peasants. The pressure of the public on the government was reflected in the government's investment policy. By using budgetary funds to create optimum conditions for monopoly expansion, the government sought, at the same time, both to alleviate the acute socio-economic contradictions and to solve, if only partially, numerous problems and thereby weaken the mass move-

ment for a radical reconstruction of the system. Specifically, the state financed programmes for removing the gap between the southern and northern regions of the country, for the construction of schools, etc. But the problem of the South remains one of the acutest. Italy holds a unique position among the industrial capitalist states as a country with as much as half of her territory underdeveloped.

The ruling circles also made certain concessions to the progressive forces as regards curbing monopoly power (nationalization of the power industry, separation of state-owned enterprises from Confindustria, and so on).

Italy still holds a leading place among the countries of Western Europe in the scope of the working-class movement and the intensity of the class struggle.

CONCENTRATION OF CAPITAL AND MONOPOLIES

In the past 10 to 15 years Italy has been ahead of most West European countries in its economic growth rates, particularly high in 1960-63, which were proclaimed as the years of the "economic miracle". In that period the average increment in industrial production exceeded 10%[1] and was greater than anywhere else in Western Europe. As a result, the economic gap between Italy and the leading capitalist states somewhat narrowed. This is one more instance of the law of the un-

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[1] Based on *Annuario statistico italiano 1964,* Roma, 1964, p. 206.

even development of capitalism in its imperialist stage, a law discovered by Lenin.

The radical reconstruction and notable expansion of the production apparatus, together with the government's policy of lower taxes and easy credits to encourage investment by large companies, gave added impetus to the concentration of capital.

This process was also quickened by the vigorous development of the scientific and technological revolution and, by economic integration in Western Europe begun in 1958. The acceleration of technological progress led to rapid obsolescence of production facilities and manufacturing techniques, and demanded a high rate of accumulation. In conditions of economic integration, liberalization of import and tariff reductions, the Italian industrialists were compelled to renovate their fixed assets on a large scale and on a more advanced technical basis in order to be able to compete with their Common Market partners.

But sifficient capital investment funds were available only to big companies, which resulted in increasing their power. Thus, the concentration of capital proceeded extremely unevenly, largely by powerful trusts and monopoly groups. At the end of 1965, ten joint-stock companies out of 41,205 held 15% of the aggregate nominal capital. [1]

Centralization and concentration of capital have been going hand in hand, particularly because Italian legislation stimulated it by reducing the merger tax. Despite the existence of an

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[1] Based on *Il taccuino dell'azionista 1968*, Milano, 1968.

anti-cartel law designed to prevent monopoly of the market medium-size companies are more and more frequently merging into bigger ones, the latter into the biggest, and the biggest into giant companies. For instance, 1966 saw the merger of two large chemical trusts, Montecatini and Edison, and 1961, that of Ilva and Cornigliano, the biggest state-owned metallurgical companies, which formed Italsider, one of the most powerful metallurgical trusts in Western Europe. In 1968 agreement was reached on the union of Snia Viscosa and Bombrini Parodi Delfino, leaders in artificial and synthetic fibre manufacture. [1]

Along with mergers and the formation of giant holding companies, centralization has been conducted through a system of partnerships based on the financial control of monopolies over smaller companies. The intensified concentration and centralization of capital have given rise to a number of monopoly empires, "states within a state", with hundreds of thousands of employees and with turnovers exceeding hundreds of thousands of millions of lire.

The biggest Italian concern today is FIAT, which has monopolized the manufacture of automobiles, tractors, marine diesel engines, planes and railway rolling stock. Its activities extend far beyond the boundaries of Italy. In 1965, to manage its foreign branches, FIAT instituted a special company, Holding International, with headquarters in Lugano, Switzerland. In October 1968 it concluded an agreement on "close cooperation" with the French automobile manufacturer Citroen. This agreement will result in the creation of a

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[1] *Il sole, 24 ore,* April 12, 1968.

monopoly group which will in terms of capacity advance to first place in Western Europe and third in the world, after General Motors and Ford. [1]

In the chemical industry Montedison dominates, turning out three-fourths of Italy's chemical products. Like FIAT, Montedison controls an extensive system of companies in other countries. In annual turnover it ranks third in Western Europe and seventh in the world among chemical companies.

Montedison also figures prominently in the manufacture of synthetic and artificial fibre, but has a strong competitor in this field in Snia Viscosa.

Pirelli is the largest producer in the rubber industry. It manufactures a wide range of products but concentrates on automobile tires. It also plays the leading role in the cable-making industry and controlls Pirelli International (Switzerland), which manages numerous subsidiaries abroad.

Oil refining is the domain of the state-owned AGIP and the private companies API, Esso Italiana, Shell Italiana, Rasiom and Sarom which are closely linked with foreign capital. [2]

A high degree of concentration is to be observed in the banking sphere, where nine short-term credit institutions account for more than one-third of the sum-total of balances of all Italian banks. Monopoly capital has also penetrated into agriculture, transport and domestic trade.

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[1] *L'Unita*, October 26, 1968.

[2] *Dati cumulativi di bilancio di 155 grandi societa italiane.* Mediobanca, Milano, 1963.

FORMS OF INTERLOCKING INDUSTRIAL AND BANKING CAPITAL

The process of coalescence of industrial and banking monopolies noted by Lenin has assumed in Italy a number of specific features stemming from the large measure of control the state exercises over the credit system. In the short-term credit field, more than 65% per cent of deposits and about 70% of credits granted fall to the share of state-owned institutions.[1] To a still greater extent the state has monopolized medium-term and long-term credit: it controls all leading industrial credit establishments, such as IMI, Mediobanca, Mediocredito, the regional credit institutes ISVEIMER and CIS, etc.

As regards long-term credit and the acquisition of shares, the banks owned by the state do not utilize their tremendous possibilities in this sphere. In case of need the state can easily extend its influence through the network of holding companies controlled by it—IRI, ENI, and others.

State control of the credit system has somewhat changed the structure of finance capital, which was formerly characterized by the linking of interests of private banks and industrial monopolies. The dominant position in the modern finance capital of Italy is occupied by industrial concerns and financial companies, whereas private banks, though remaining an integral part of it, play a secondary role. The deposit banks cannot invest the tremendous funds at their dispo-

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[1] *Annuario statistico italiano 1966,* p. 303.

sal in industrial shares, for this is against the law, and, consequently, cannot gain a hold over them. At the same time, the free cash concentrated in these banks makes them a convenient reserve for the monopolies, which frequently utilize it despite increased reliance on self-financing. When heavy investments have to be made, even large companies prove unable to cover all the outlay from their own sources and have to turn to the loan capital market, specifically to bank credit.

It is important for monopolies to exert a special influence in the credit sphere. Even though the state-controlled credit system functions in their interests, Italian concerns and trusts have their representatives among the managements of all big banks so as to safeguard their corporate interests through personal contacts.

There are no clearly defined financial groups in Italy; however, all big companies conduct most of their operations through four banks: Banca Nazionale del Lavoro, Banco di Roma, Banca Commerciale Italiana, and Credito Italiano. All of these are state-controlled: the first is administered directly by the state and the other three are subordinated to the state holding company, IRI.

STATE-MONOPOLY REGULATION

The preparation of fascist Italy for the Second World War manifested itself first and foremost in the militarization of the national economy and was accompanied with growing state intervention. The principal instrument used to further

this process was state property, which had acquired substantial proportions after the world economic crisis of 1929-33.

State intervention in the economy was stepped up after the military and political defeat of fascism, with the bourgeoisie seeking to consolidate its positions with the help of the machinery of state. The ruling Christian Democratic Party promoted the development of state-controlled industries, regarding them as an effective means of extending its political influence. This led to growth of the share of state-run enterprises in national production.

It should be noted that in addition to the ambitions of the christian democrats, the formation of state property was considerably influenced by the movement of the democratic forces for a basic restructuring of the economy. The Italian Communists, for one, held that, given democratic control, state property can play a definite role as a means of anti-monopoly struggle. Vigorous action by the working class is a permanent and highly important factor which the bourgeois state can ill afford to disregard in the shaping and pursuit of its economic policy.

The past twenty years have witnessed considerable development of the IRI complex, which has turned into a giant holding company controlling numerous financial and industrial companies and wielding substantial influence in the sphere of services. IRI enterprises produce about 95% of Italy's pig iron, 60% of its steel, 61% of its hot-rolled metal, and 25% of its engineering products. They also own 90% of the nation's ship-building capacity. IRI also controls almost the whole of the merchant and passenger air

fleet, and a large part of the telephone network and motor roads.

Together with stepping up the activity of IRI the state has extended its direct participation in industry through establishing the National Oil and Gas Association (Ente Nazionale Idrocarburi—ENI), a specialized state holding company which controls the biggest companies in the field of oil and gas prospecting and extraction, designing and construction of oil pipe-lines and refineries, and a large capacity in oil refining (about 30%), in the distribution network (25%) in the production of synthetic rubber (nearly 100%), fertilizers, plastics, synthetic resins and other chemical products. ENI's share in the extraction of natural gas is 75 per cent.

IRI and ENI finance not only enterprises controlled by them but also operations designed to subordinate other companies. For instance, in 1962 ENI bought a controlling interest in Lanerossi, an important textile concern. In 1968 IRI and ENI carried through "Operation Montedison", the biggest in the history of the Italian stock-exchange. In the course of five months they bought up, in deepest secrecy, Montedison shares, thereby gaining control.[1] Currently a project is being studied for Montedison's merger with ANIC, of the ENI group, following which the state will have control over the manufacture of more than 90% of the chemical production in Italy.

The state holds the entire power industry, the railways, the telegraph, radio and television. The public sector has become a powerful instrument which enables the state to interfere effectively in

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[1] *Il sole, 24 ore*, October 8, 1968.

the process of capitalist reproduction, and to a certain extent to regulate it. Its existence testifies, on the other hand, to the uselessness and parasitism of enterprise based on private appropriation.

Along with the enterpreneurial activity of the state, appreciable progress has been made by other means of state-monopoly regulation such as the budget, taxation, credit and external economic policy, and the forecasting and programming of economic development.

In its economic policy, aimed at influencing the situation in the economy or securing certain structural changes in it, the state varies the demand and intensifies or slows down economic activity by employing two groups of economic instruments: direct intervention in the form of capital investments or administrative measures, and indirect intervention, primarily with the help of financial and credit levers.

A whole complex of state-monopoly measures has been effected to further the economic development of the South. This included investment by the state, in 1950-65, of L 2,082,000 million in the infrastructures and industrialization of the southern regions and islands.

Elimination of the backwardness of agriculture remains an urgent problem. In 1961 Parliament enacted a law, for allocating annually, in the course of five years, about L 110,000 million for land-improvement operations and for granting favourable credit terms to farmers. The law was called "The Green Plan" after the West German programme of capital investment in agriculture. In 1965 it was prolonged for another five years, during which an additional L 900 thou-

sand million was to be spent on land improvement, mechanization, improvement of marketing conditions, and consolidation of animal husbandry. On the whole, however, the law will benefit large farms.

The most pressing problem is that of housing, which has been aggravated by the mass exodus of ruined peasants from the countryside. The tremendous demand for dwellings stimulated an intensive influx of capital into the house-building industry, whose share of total investments exceeded 25%. This, however, proved insufficient to overcome the housing crisis. Large amounts were spent on the construction of luxury houses, villas and hotels. The average rent rose above the level which the bulk of the working people could afford.

A new form of state-monopoly regulation is the "programming" of economic development, or indicative planning, which constitutes an attempt to reduce the disproportions in the capitalist economy, to influence production and marketing in the interests of the monopolies. In 1965 an "economic development programme for 1966-70" was adopted. In drafting it, the ruling circles had to take into account the active stand of the progressive forces headed by the Italian Communist Party which were pressing for the inclusion of provisions favourable to the working people.

ITALIAN CAPITAL ABROAD

Lenin noted that "Italian imperialism has been called 'poor people's imperialism' (*l'imperialismo della povera gente*), because of the country's po-

verty and the utter destitution of the masses of Italian emigrants."[1] Although today we can hardly speak of Italy's "poverty", its standard of living remains at the bottom of the list of industrially advanced capitalist countries. Despite its established reputation as a "poor" country, Italy is steadily increasing the export of capital. This is connected with a desire to strengthen its positions in developing countries and also with the process of linking its economic interests with those of the Common Market members and some other capitalist countries.

In the first postwar decades the export of capital was virtually banned and investments were made out of means held in other countries. After the relaxation of currency restrictions in 1958 the export of capital began to grow from year to year: \$81 million in 1959, 188 million in 1960, 335 million in 1965, 324 million in 1967.[2]

The export of capital to developing countries, designed primarily to promote the export of goods, is conducted in the form of state and private credits and direct or "portfolio" investments. Closely connected with it is the rendering of "technical aid". While lagging far behind the United States, France, Britain and West Germany in the export of state capital to developing countries, the Italian government encourages the export of private capital, accepting the risk of granting money and commodity credits, and of investment. A specific form of capital export that has become widespread latterly is export credits,

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[1] Lenin. *Coll. Works,* Vol. 21, p. 358.

[2] *Relazione generale sulla situazione economica del paese.* Roma, 1968, p. 266.

now an indispensable condition for financing a considerable part of the deliveries of Italian equipment.

Direct investment is made in the extractive and manufacturing industries. An active part is also taken by the Italian monopolies in the establishment and development of the infrastructure in "third world" countries.

Much of this investment is directed to Africa. Italy's striving to secure a foothold in Africa dates back to the last century. Lenin wrote: "Italy laid claim to North Africa long ago (Mazzini in 1838!). Bismarck wrote about this to Mazzini in 1866. Hatred over Tunisia (1881) impelled Italy towards Germany."[1]

After the Second World War Italy lost its African colonies but did not abandon its ambitions. Now it is trying to realize them through economic expansion.

The heaviest Italian investments have been made in the oil extracting and refining industries and in the oil distribution system. Italian companies (chiefly from the ENI group) carry on large-scale oil prospecting and extraction jointly with national capital, organizing mixed joint-stock companies for the purpose. Among such companies, mention can be made of COPE (Compagnie orientale de petrole d'Egypte), with shares divided equally between the UAR government and AGIP mineraria; its Moroccan duplicate COMIT, which carries on extensive prospecting in the south of the country; the Italo-Tunisian SITER (prospecting and extraction), in

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[1] Lenin. *Coll. Works*, Vol. 39, p. 524.

which AGIP mineraria holds 99% of the shares; Mineraria Somala in Somali, and CORI in Lybia.

The Italian monopolies are steadily broadening their operations in Latin America. Pirelli, for instance, has large interests in Conductores Electricos de México, Compania Industrial Brasileira and Compania Industrial y Comercial Argentina. Along with passing on its technical knowledge, Pirelli, world-famous as a cable-maker, buys shares of the recipients of its aid.

In the last decade Italy has also extended the export of capital to industrially advanced countries, primarily in West Europe. The establishment of the Common Market, attended by the gradual weakening of restrictions on the movement of capital between the "Six", has led to the linking of interests of large monopolies, to a growing number of specialization and cooperation agreements and to the emergence of mixed companies. For example, Finmeccanica (Italy), AEG-Telefunken (West Germany), ASEC (Belgium), Thomson-Houston (France) and Philips (the Netherlands) set up SETCHELL, a company specializing in the manufacture of remote-control mechanisms. Earlier we mentioned the cooperation agreement between FIAT and Citroen. Agreements on specialization and cooperation exist between chemical and electrical power trusts.

In the first postwar years Italy imported capital on a large scale, chiefly in the form of state or state-underwritten loans and credits. The liberalization of the currency regime in 1956 was followed by an influx of foreign capital, which now holds the firm position in a number of Italian industries.

The penetration of foreign, primarily Ameri-

can, capital into the Italian economy is a serious threat to the national interests of the country. On September 1, 1965, there were about 3,000 companies in Italy controlled by US monopolies.[1]

Throughout its existence, including the period of the fascist dictatorship, Italian imperialism has been relatively weak. The policy of autarchy hindered the development of external economic contacts, while the militarization of the economy led to the curtailment of a number of branches, to one-sided, disproportionate economic development.

Italy's defeat in the Second World War, accompanied by the loss of its colonies, depletion of material resources and destruction of some industrial installations, further weakened its role in the system of imperialist states. To restore its position the Italian ruling bourgeoisie actively utilized external sources such as "Marshall plan" deliveries, loans, credits, patents and licences.

Besides receiving foreign "aid", the Italian monopolies strove to extend internal sources of accumulation through capitalist rationalization of production and increased exploitation of the working people. All this made possible a considerable expansion of the Italian monopolies, and higher industrial growth rates compared with other West European countries.

Thus after the Second World War there occurred, a certain consolidation of Italy's position in the world imperialist system. The higher rates of economic development brought it nearer to the leading industrially advanced capitalist countries. At present Italy ranks sixth in the volume of

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[1] *L'Unita,* December 5, 1965.

industrial output, following the United States, the West Germany, Britain, Japan and France.

Although Italy comes last in the list of big industrial powers and in some respect (per capita GNP), for example, remains at the level of secondary capitalist states, Italian monopoly capital figures prominently in Western Europe. The world famous Italian monopolies Montedison, FIAT, Pirelli and Olivetti, and the state holding companies, ENI and IRI, strongly influence the formation of West European and world economic links. Specifically, mention can be made of the increased role Italian monopoly capital has come to play in the Common Market system, as is evidenced by the number of specialization and co-operation agreements enabling the Italian monopolies to intensify their expansion in "little Europe".

Italy is closely linked with the capitalist world economy. Some of the most important branches of industry have been to a large degree reoriented on export, making the economy dependent in many ways on world market fluctuations. At present Italy ranks seventh among the capitalist states in the volume of exports.

Having lost its colonies, Italy is searching for new ways of colonial expansion. Specifically, its monopolies are increasing their penetration into the economy of developing countries through the export of capital and undertake much work under contracts. They employ neo-colonialist forms of exploiting the developing states through international trade channels.

The foreign policy of the Italian government is now in large measure determined by the country's participation in NATO. But the progressive

sections of the public are demanding with increasing energy that the Italy's leaders repudiate "Atlantic solidarity" and embark upon an independent policy conforming to the vital interests of the country and its people.

Canada: Monopoly Capital in a Former Colony of European Settlers

A. BORODAYEVSKY

In the middle of the last century Canada was a colony, a distant outpost of the British Empire. Today, it is a politically independent, advanced capitalist power. With a population of 21 million, it ranks seventh in the industrial output of the capitalist world and sixth in export trade, and is second only to the United States in per capita national income and average level of labour productivity.

Canada's leap forward is not a miracle of the last century, but one of the many manifestations of the law of the uneven development of capitalism, under which, Lenin stressed, "the smooth economic growth of individual enterprises or individual states is impossible". [1]

The example of Canada makes it possible to trace how imperialism originates and develops in new territories. Analyzing capitalism in its monopoly stage, Lenin singled out, among the coloni-

[1] Lenin. *Coll. Works*, Vol. 21, p. 341.

al and dependent countries, the colonies proper, that is, the territories occupied by European settlers (Canada, Australia, South Africa) and predicted that they would soon join the ranks of the imperialist states.

The comparative rapidity with which Canada, like the other "white dominions", was transformed from a barely settled colony into an advanced country is explained by several factors. In addition to the exceptionally convenient geographical position, the moderate climate, the fertile land and the vast timber and mineral resources, this transformation was aided by intensive immigration (primarily from European countries) which ensured a constant influx of skilled manpower. The neighbourhood and example of the United States, also a former colony, which had lost no time in developing industry and was able, towards the end of the 19th century seriously to challenge the great European powers in the struggle for economic supremacy, also influenced the character and direction of Canadian economic development.

The settlers brought with them not only production experience and skill and the desire to do their best to exploit Canada's rich resources. British and French colonists also brought with them from across the sea their families and savings. They expected to obtain greater profits from exploitation of Canada's land, forests and mineral resources than they could get from investing in the European countries they came from, where ruthless competition ruled out any hope of making a quick fortune. Canada justified the expectations of the pioneers, and large numbers of ships began sailing between Canada and Europe,

delivering to the Old World grain, furs, fish, bacon, timber, asbestos and ore, and returning with machine tools, farm machines, dredges, as well as new orders and rich export receipts. In its unquenchable desire for economic expansion, US capital started flowing across its northern frontier and rapidly settled in the more accessible and explored provinces of Quebec and Ontario. With it came new methods of working mineral deposits, new processing techniques and the experience of machine production.

Then a struggle, on an unprecedented scale, began by the imperialist powers for Canadian raw material resources, for investment spheres promising fabulous profits and for domination of the rapidly expanding markets of that country where economic progress was almost wholly based on the import of advanced technique and where the population was rapidly growing.

The principal efforts in the economic field were aimed at creating large industrial complexes in the fields of extraction and processing of ores and minerals, ferrous and non-ferrous metallurgy, timber cutting and pulp-and-paper production. Such complexes required heavy investments, which promoted rapid concentration and centralization of capital. In his "Notebooks on Imperialism" Lenin had this to say on the degree of monopoly in Canadian economic affairs on the eve of the First World War: "Today forty-two men control more than a third of the country's total wealth. . ." [1]

On the eve of the Second World War, despite the "great depression" of the 1930s which had

[1] Lenin. *Coll. Works*, Vol. 39, p. 593.

greatly hindered the country's industrial development and particularly strongly hit production of raw materials for export, Canada could already be listed among the advanced industrial-agrarian powers. At the same time, largely basing its development on the influx of foreign capital, it had developed the distinct characteristics of a dependent country. This could be seen in the structure of Canadian industry and especially in the high degree of participation of foreign capital in key economic sectors. However, the subsequent penetration of foreign (primarily US) capital into the Canadian economy in the 1950s and 1960s greatly increased in scale.

FOREIGN CAPITAL IN THE COUNTRY'S ECONOMY

Until very recently, domestic sources of accumulation were obviously insufficient to ensure economic growth-rates and industrial modernization which characterized postwar Canada. Foreign capital was put to use in large new mines and factories, in the latest industrial techniques. Without it, it would have hardly been possible to develop areas in the North and Far West, almost inaccessible but rich in resources. Yet foreign penetration caused untold harm to the country. Economic exploitation of its vast territory developed into a veritable "sale" of national resources to foreigners. As H. Aitken wrote, American investments in Canadian resources created new possibilities for the development of the country, but they turned Canada into a hinterland of American industry.

In the postwar period the United States became the dominant foreign investor in practically every sector of Canadian industry. With direct private long-term investments in production making up almost 90% of the vast American capital placed in Canada, a large part of the country's industry is controlled by US business. The history of American capital's penetration into the Canadian economy is a striking illustration of Lenin's thesis that "big finance capital of one country can always buy up competitors in another, politically independent country, and constantly does so"[1] Lenin described this penetration as annexation "in the economic sense, without infringing political independence."

The bulk of foreign investments is concentrated in two groups of industries. The first, and more important, is production of industrial raw materials and semi-manufactured goods. The second centre of power of the US monopolies in Canada is in mechanical engineering and modern branches of the chemical industry. The United States has not only monopolized Canada's internal market to a substantial degree, but has also gained access to the preferential tariff-protected markets of other countries of the former British Empire.

Nor should one discount the influence of British monopolies on Canada's industry, although their position in Canada has grown relatively weaker since the end of the war.

As distinct from the export-oriented raw material, and the chemical and mechanical engineer-

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[1] Lenin. *Coll. Works*, Vol. 23, p. 44.

ing industries, the role of foreign capital in the development of the light and power industries, transport, home trade, public services and the credit and financial system (with the exception of investment trusts and, in part, life insurance companies) has been, on the whole, insignificant. This is due, firstly, to the fact that the federal and local authorities freed foreign monopolies, to a considerable extent, from the need to invest money in capital intensive and low-profit projects in the power industry and the infrastructure. These were financed, for the most part, out of budgetary funds, with the Canadian taxpayers having to foot most of the bill. On the other hand, a number of manufacturing industries catering for the domestic market, and practically all the services, where one does not have to have large sums of free capital to run a business, constituted a field dominated by Canadian capitalists.

The domination of foreign capital in key sectors is a source of extreme dissatisfaction in the country not only because foreigners pocket a considerable part of the profits obtained from exploitation of Canadian natural resources, but also, because American and British subsidiaries primarily pursue the policy, and uphold the interests, of the parent companies, and their interests often do not coincide with Canada's national interests. Resentment is caused, among other things, by the unwillingness of subsidiary companies to appoint Canadian citizens to responsible posts on their boards, the lengths to which they go to evade publication of financial statements, the denial to Canadians of opportunities to buy shares in foreign-controlled companies on the

stock exchange, the attempts to strangle young national firms trying to operate in industries monopolized by foreign companies, the latter's policy in the sphere of scientific research which inhibits progress in the country and restricts the field of activity of Canadian scientists. Serious contradictions also arise between Canadians and the directors of the subsidiaries of foreign companies over export policies.

No basic solution to the problem of foreign control is offered by any of the Canadian political parties with the exception of the Communist Party, which resolutely demands nationalization of foreign property. Among bourgeois leaders, the more consistent supporters of "Canadianism" are grouped round the New Democratic Party. The present Liberal government, just as its conservative predecessor, is obviously incapable of taking any steps to lessen foreign influence on the country's economy or even to prevent its further growth.

In fact, throughout the postwar period official policy has facilitated the seizure of key positions in the Canadian economy by foreign capital. Moreover, right up to the end of 1960, foreign monopolies were in a privileged position compared with Canadian monopolies. The tax on their profits was a mere 5%, while Canadian companies paid 15%. Until recently they were not required to publish financial statements, which helped them conceal a considerable part of their profits from the revenue department. Foreign monopolies have free disposal of the part of their profits, which is not transferable abroad. Small wonder that the profits their subsidiaries make are ploughed back on a vast scale.

MONOPOLY STRUCTURE OF THE ECONOMY

In the past 15 to 20 years concentration of production in Canadian industry has certainly advanced, although not so strikingly as, for instance, in West European countries or Japan. This is explained by the exceptionally high "North American" level of concentration attained in prewar years. This process reached the largest proportions in the extractive and processing industries, where the construction of a number of large mining, ore-dressing and metal smelting complexes has been accompanied by the closure of hundreds of small enterprises. With rare exceptions, the greater the role played by foreign companies the higher the concentration of capital in industry.

The extremely complex and ramified banking system is largely controlled by national capital. A factor of great importance from the viewpoint of the prospects of consolidation of the positions of the national bourgeoisie. It ensures the mobilization of colossal masses of capital and provides the financial oligarchy with an important instrument for controlling the country's economic affairs, The credit policy of the banks has a strong influence on the trends and rates of economic development.

The central place in the system of credit and financial institutions is occupied by nine commercial banks which hold four-fifths of the total assets of all Canadian banking establishments. Commercial banks operate practically in all Canadian cities and inhabited localities as well as abroad. The more ramified systems are maintain-

ed by the Canadian Imperial Bank of Commerce, the Royal Bank of Canada and the Bank of Montreal. In addition to loan operations, the commercial banks play an important role as holders of corporate and government securities, and conduct foreign currency transactions.

SPECIAL FEATURES OF FINANCE CAPITAL

Although banks occupy a very prominent place in the system of Canadian finance capital, they do not operate, on the same scale, as in other countries as centres of financial groups. This role is much more often performed by industrial monopolies and holding companies, many of which control several dozen small and medium-size industrial firms.

The special nature of the conditions in which Canadian finance capital develops consists first and foremost in the fact that national companies have to operate side by side with the subsidiaries of foreign monopolies which not infrequently surpass them in power and in volume of operations and have close financial and industrial contacts outside the country. Most of the American monopolies that have entrenched themselves in Canadian manufacture do not participate in its financial groups at all but are directly linked along with their parent companies, to powerful financial interests in the United States. It is true, however, that relatively weak companies and those in which the participation of American capital is not too great usually "condescend" to establish closer contacts with Canadian financial groups,

but more often than not their ties with the parent monopolies south of the border remain stronger all the same. A similar policy is pursued by firms controlled by British capital, including the biggest ones.

The principal financial groups incorporate, as a rule, companies operating in the raw material sphere. In some instances such companies act as centres of groups; in others, as "rank and file" partners. It is noteworthy that all the leading monopolies in oil, gas and ore mining, including American monopolies are members of one or another Canadian financial group. This does not apply to American companies operating in the mechanical engineering, chemical and food industries.

The formation of the principal financial groups has already become quite definite; the capital of the participant companies is strongly interlinked, with interlocking directorships ensuring coordinated action by company boards. But they are all in a state of constant development; their boundaries are mobile; their composition changes from time to time. Many of them, in turn, maintain contacts among themselves and with groups abroad. All these features make up the contradictory picture which exists in the finance capital of this comparatively young imperialist power whose economy is strongly influenced from abroad.

The oldest and most important financial group formed round the Bank of Montreal, one of the biggest commercial banks, and the Canadian Pacific Railway Company (CPR). The mining and metallurgical monopolies that form it include Cominco (a CPR subsidiary), International Nickel Company of Canada (INCO), Steel Company

of Canada (SteelCo), and British American Oil, a major oil and gas producer. This group provides a clear picture of the coalescence of foreign and Canadian capital.

Great economic and financial power is wielded by the Taylor-"Argus Corporation" group, which is directed by the industrial and financial magnate, Edward P. Taylor, one of the richest men in Canada.

A powerful financial group has as its centre McIntyre Porcupine Mines, the oldest goldmining monopoly. The principal motive force in it is Falconbridge Nickel Mines. A rival of International Nickel, it has swallowed up Ventures Ltd., a big mining holding company, and controls now more than 40 companies in Canada and abroad. The capital represented in this group is predominantly Canadian.

Also widely known is the financial group of the two tycoons, Jr Timmins and James Murdoch, both linked with Canadian commercial banks (Canadian Imperial Bank of Commerce, Bank of Nova Scotia) and with the Cleveland group in the United States. The most important member of this group in industry is the national mining empire, Noranda Mines, which has monopolized the production of copper from ore mining to refining and controls over 35 small and medium-size companies. Iron Ore Company of Canada, the biggest in the iron ore mining field, also joined forces with this group in recent years.

Industrially important groups exist in the field of electric power production (centering around the national holding company, Power Corporation of Canada, and in the iron-and-steel and aircraft building industries, centred round the Anglo-Ca-

nadian Hawker-Siddeley Canada, and with Dominion Steel and Coal (DOSCO) as an important member. There are also comparatively small but strong groups in the food and beverages industries and in retail trade (for instance, J. Eaton's group).

Some financial groups unite, primarily, firms controlled by the national bourgeoisie, in others, foreign monopolies participate on a fairly large scale. Nevertheless, it would be over-simplifying matters if we were to try to divide Canadian financial groups into "national" and "American". By virtue of production, marketing and other links even those groups which unite only Canadian interests find themselves, as a rule, within the "field of gravity" of American monopolies and their financial associations. Therefore it would be wrong to say that some groups are wholly attached to American capital and serve its interests while others are exclusive associations of "pro-Canadian" forces. Perhaps we would be nearer to the truth if we characterized the development of Canadian finance capital as a process of interlocking national and foreign capital on the basis of joint working of natural resources, a process which is accompanied by the growth and consolidation of the national bourgeoisie and of its position in certain industries and spheres of activity.

While sharing the profits from the export-oriented raw material industries with foreign monopolies, Canadian capitalists have their own interests which frequently conflict with those of their American partners. The increased financial power of national capital, the emergence of its own industrial-financial oligarchy have enabled

Canadian bourgeoisie to become the principal force which confronts American monopolies in the competition for control over the resources of the country. The inter-imperialist contradictions in Canada are now the sharpest in the struggle between Canadian and American capital for influence on the economy, whereas Anglo-American rivalry has obviously receded into the background, although it still exists.

THE ROLE OF THE STATE IN THE ECONOMY

As in the United States, the economic role of the state sector is insignificant. The property of the federal and local authorities consists mainly of extensive land and wooded areas, about two-fifths of the railway network, a number of enterprises and systems in the sphere of public utilities and community services (electric power stations, water and gas supply, city transport, radio, telephone, etc.), administrative and public buildings, some harbour facilities, warehouses, grain elevators, a part of uranium mining production, some installations in the munitions industry, and the resources of the central Bank of Canada.

Yet the state has vast opportunities for influencing economic affairs. In 1968 the federal, provincial and municipal treasures handled almost 35% of the GNP value, more than half of which was spent in payment for goods and services. About 500 million Canadian dollars was paid in subsidies to agriculture and industries with a low profit level (ship-building, coal and gold mining) and for covering a considerable part (more than

a quarter) of the expenditures of industrial companies on scientific and applied research.

A substantial number of state measures are aimed at maintaining and stimulating agricultural production. There is a system of guaranteed prices for nine kinds of farm produce which is administered by the government's Wheat Committee, a body which supervises the purchase and export of grain and some other goods. Special laws and programmes are called upon to stimulate introduction of advanced production and marketing methods, help farmers with storage and transportation, insurance of crops, credits for the purchase of machinery and livestock, irrigation and drainage operations, and so on. The bulk of state assistance goes to large and medium-size capitalist farms, the main producers of grain, technical crops and especially livestock products.

In the mining industry, in addition to subsidizing unprofitable coal mines and goldmining companies whose costs approximate or exceed the official price of gold, the government grants considerable tax reliefs. New enterprises are exempted from profit taxes for the first three years; accelerated depreciation of production facilities is allowed; levies on oil and gas companies are reduced in step with the depletion of the wells, and so on.

In manufacturing the state finances several programmes designed to help companies develop and introduce new techniques and production methods. Particularly, the government accepts part of the financial risk involved in carrying out innovations. In 1967 it adopted a programme of assistance to companies affected by the customs changes under the "Kennedy round" agreements,

and to exporters planning reorganization of production with an eye to new markets (underwriting of private loans, granting of loans by the state, and technical assistance).

There is a programme of stimulating industrialization in backward regions with chronic unemployment. The state undertakes to defray up to one-third of expenses involved in the erection of manufacturing enterprises, and allows accelerated depreciation. The programme covers 92 towns and settlements inhabited by 17% of the gainfully employed population of the country.[1] The state finances the construction of roads to the northern regions rich in minerals but difficult of access, and from large industrial centres to depressed areas. But the state allocations for such programmes are relatively small and cannot appreciably improve the condition of the working people of the "industrial borderlands".

To stimulate export, the state Export Credit Insurance Corporation, in addition to insuring transactions on the terms of ordinary commercial credit, in some instances directly finances the exporters of equipment, enabling them to grant their clients long-term credits of over five years.

The state has for many years now been resorting to indirect methods of short-term regulation of the economy, including manipulation of the bank discount rate to influence the loan capital market. But practice has shown that the government's policy in this sphere is not effective enough. The movement of the cycle in Canada, which depends on marketing possibilities in the United States, follows, on the whole, the dyna-

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[1] *Canada Year Book*, 1968, p. 721.

mics of US industrial production. When the marketing conditions there worsen, neither a reduced discount rate, the efforts of the Industrial Development Bank (a subsidiary of the Bank of Canada called upon to support national firms by providing easy-term credits), nor "public works" programmes can seriously influence the curve of industrial production.

In the field of long-term, so-called structural regulation of economic development, Canadian experience is still obviously insufficient. Programming of the kind being done in Western Europe does not exist. Several attempts have been made to draw up long-term forecasts of economic development, but this has been done only occasionally and has not been followed up with any practical measures.

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Canada plays a rather peculiar role in the capitalist international division of labour. It holds first place in the production of nickel, zinc, asbestos, newsprint; second in aluminium, lead, gold, metals of the platinum group, uranium, molybdenum, tungsten, titanium ore, natural gas, cellulose and sawn timber; third in iron ore, cobalt, magnesium, cadmium, niobium, potassium salts and plywood. At the same time, as an exceptionally large buyer of machines and equipment it constitutes a vast and rapidly expanding market for other industrial countries.

As a source of many raw materials (including strategic) and with its promising market, Canada is of special importance to the imperialist powers, particularly because of its reputation (not

without foundation) as a "politically reliable" member of the capitalist system. Despite the existence of acute contradictions caused by the domination of American monopolies in its economy, in international affairs Canada acts as a close ally of the United States, to which it is tied by a number of political and military treaties. At the same time it maintains close traditional relations with Britain and figures prominently in the Commonwealth system.

Canada is strongly tied to its Atlantic allies by financial links. At the end of 1967 its external long-term liabilities amounted to 34,000 million Canadian dollars, and curent liabilities, to $35,000 million. Alongside this, Canada has substantial financial interests in other countries. Even without considering the external investments of the Canadian branches of foreign monopolies, its foreign investments (principally long-term ones) make up approximately 8,000 million Canadian dollars.

As we see, Canada occupies a dual position in the modern capitalist world. On the one hand, it has long been an object of exploitation and an arena for the rivalry of stronger imperialist states, the US and Britain. National monopoly capital in Canada is particularly closely interwoven with foreign capital, which in some instances considerably restricts the bourgeois government in its pursuit of an independent policy.

On the other hand, as a major trading power with large foreign investments, Canada plays a considerable role in international economic relations and, in turn, participates in the exploitation of less developed countries of the capitalist system. It is a full-fledged member of the

"club of rich countries" with which it has many interests in common.

Canada has evolved, from a former colony's settlers into an industrial power which holds a prominent place in the world imperialist system.

Lenin on the Monopolies of Small Industrial Countries and Their Role Today

YU. YUDANOV

The monopolists divide the world according to the strength of their capital. Not only big powers participate in this division; an appreciable role is played in it by the small industrial countries of Western Europe. Relying on their special place in the system of world capitalism, they retain fairly strong economic positions. Pointing to the significance of this phenomenon, Lenin noted that these countries "form part of the sum total of 'divide the world' relations and become links in the chain of operations of world finance capital." [1]

This position in the complex system of European capitalism is occupied by Sweden, Switzerland, the Netherlands, Belgium, Denmark and some other countries, which Lenin called "the small privileged nations". [2] The "privileges" of the Dutch and Belgian bourgeoisie consisted "in the oppression of other peoples", while the ad-

[1] Lenin. *Coll. Works*, Vol. 22, p. 264.
[2] *Ibid.*, p. 339.

vantages of the bourgeoisie of other small countries came from the "monopolistically advantageous position" in the meat and dairy produce market [1] or for their special services.

Characterizing Swiss imperialism Lenin wrote that "the Swiss Fremdenindustrie (industry providing service for foreigners.—*Ed.*), etc., represent a permanent *division* of imperialist wealth between the Great Powers and Switzerland". [2] This redistribution of profits is made possible not only by the provision of special services but also by the production of commodities in which the bourgeoisie of a small country retains its monopolistically-advantageous position. Lenin observed that the bourgeoisie of such countries turn into "'prosperous' satellites" of the imperialist bourgeoisie of the big powers "sharing their particularly easy and particularly fat profits". [3]

These features noted by Lenin became increasingly evident in the subsequent development of almost all the small industrial countries of Western Europe. The collapse of the colonial empires of the Netherlands and Belgium compelled the bourgeoisie of these countries to search for new ways of development. In the postwar period, the bourgeois economist, Dr. G. Pfeiffer, noted the Netherlands began to base its development on the "Swiss model", and the manufacture of optical and precision instruments and tools became a distinguishing feature of its industrial development. [4] The quick and easy profits which the

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1 Lenin. *Coll. Works*, Vol. 23, p. 135.
2 Lenin. *Coll. Works*, Vol. 23, p. 261.
3 Lenin. *Coll. Works*, Vol. 23, p. 135.
4 G. Pfeiffer, *Strukturwandlungen und Nachkriengsprobleme der Niederlande*. Kiel, 1950, S. 22.

Belgian bourgeoisie obtained from the exploitation of the African peoples also became a thing of the past. There began gradual adaptation of the Belgian economy to the fierce competition now existing in Europe. The economy of other small industrial countries of Western Europe too stands on the threshold of major structural changes.

SPECIAL PATH OF ECONOMIC DEVELOPMENT

The new trend of economic development of the group of small industrial countries is characterized, in the main, by specialization in the manufacture of labour-intensive high-quality products. This enables the monopoly bourgeoisie of these countries to capture a firm foothold in world markets and obtain high monopoly profits. The choice of high quality industries has usually very little connection with natural conditions or geographical location. Production of this kind can be concentrated in several enterprises on practically any territory. The new type of specialization is in large measure based on the advantages which accrue to the manufacturers from technical innovations or quantity production.

Industrial specialization of the new type is most clearly represented in the economic development of Switzerland and Sweden. It is characterized by a) formation of dominant sectors in the economy and their priority development; b) intensification of scientific and technical research and emphasis on the manufacture of the latest high-quality products; c) organization of lar-

ge-scale production geared exclusively to external markets, and attempts to monopolize the latter; d) establishment of an extensive system of foreign subsidiaries to which the manufacture of specialized products is transferred; e) increased importation of cheap foreign manpower and its utilization primarily for the production of ordinary goods for the domestic market.

In the search for dominant sectors in industry the economy of every country passes through four principal stages of development: mechanization, industrialization, specialization, and rationalization. Such has been the path of development of the Swedish economy in the past century. The industrial revolution in Europe caused a tremendous demand for building materials, and "the great timber boom" was responsible for the timber industry becoming the country's leading industry. There began the period of mechanization. Profits gained from the export of timber provided the principal resources for the industrialization of the country. At the beginning of the 20th century the increased supply of timber to European markets from overseas countries (Canada, etc.) compelled the Swedish timber merchants to specialize in the production of high-quality goods. [1] Historically, the specialization of the Swedish economy began with the timber industry, but later on spread to metallurgy. Now the predominent role is played by metalworking industries (bearings) and machine building (electrical engineering, electronics, communication, compressor and separator equipment, etc.).

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[1] G. Montgomery. *The Rise of Modern Industry in Sweden.* London, 1939, pp. 21, 24.

The development of specialization in Switzerland proceeded along very different lines from that in Sweden, but the ultimate results are remarkably similar. Switzerland does not have any mineral deposits to speak of, common salt being the only mineral that is mentioned in industrial statistics. Western economic literature describes it as "an industrial country without a raw material base". Specialization started with watch making, which inspired the development of precision engineering and later on the making of precision instruments and the manufacture of electronic computers. These industries (plus pharmaceutical production) account today for more than two-thirds of the total value of the country's industrial output.

A specialized economy can make progress only with constant rationalization of production. "The severe winds of competition have hardened us, making us steadfast and strong, and have compelled us to become innovators," wrote a group of prominent Swedish economists recently.

Almost all leading industrial companies in these small countries steadily augment their production programmes with new patented products. The expenditures of Swiss and Swedish firms on scientific research are, as a rule, double those of all other European companies.

Specialization in agriculture is also increasing in the small countries with the output of expensive specialized products growing at the expense of ordinary agricultural produce. In Sweden, for instance, production of the component parts for quick-frozen meals is becoming more important. In Switzerland, firms specializing in dietetic foods pay bonuses to suppliers of high-grade milk pro-

duced by cows pastured on Alpine meadows (silage feeding is not allowed).

The transformation of small highly-developed countries into leading suppliers of new and high-quality products has led to their development as centres of a vast licence trading system (electrical engineering, engine and ship building, pharmaceutics, etc.).

It should be noted that the success of the small countries in research is also due primarily to specialization. At the end of 1967 it was noted in the analysis of the main trends of research in Switzerland that such a small country cannot achieve outstanding results unless it concentrates its efforts on less popular fields (outer space, nuclear physics, biophysics, biochemistry being the most popular today) or on borderline problems. Eminent scientists engaged in basic research will not stay in the country, for it is not in a position to provide them with the necessary facilities. [1]

Another, no less important peculiarity of scientific research in the small countries is the accent on applied research projects. In Sweden, for instance, where 152 million dollars is allocated annually for science, the ratio between expenditures on applies and fundamental research is 76 to 1. What distinguishes the industry of Switzerland from that of the other countries is not singular novelties or involved problems but the faultless operation of its machines, their efficiency and dependability.

Specialized high-quality production cannot de-

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[1] *Neue Züricher Zeitung*, December 23, 1967.

velop without orientation on world markets. In view of the limited capacity of the domestic markets of the small countries objective conditions present themselves for broadening marketing operations abroad. In the opinion of Prof. B. Ohlin of Sweden, only reliance on export of highly specialized goods can explain the existence in a small country of huge enterprises manufacturing bearings, telephones, separators, turbines. [1]

Specialization of certain commodities for exports has enabled Switzerland to win a strong position on international markets. Switzerland's share in world capitalist export comprises only 1.6% and in the export of engineering products, 3.9% (1967). But as far as its specialized commodities are concerned, the picture is quite different. Swiss companies account for 14.4% of the world export of textile machines, 13% of hydraulic turbines, 11.7% of precision equipment, 10.8% of steam turbines, 8.5% of industrial machine tools, 6.5% of chemical goods and more than 12,8% of world trade in medicines. [2]. And, of course, Swiss companies have monopolized more than 90% of the world market for watches.

Equally strong positions are held in the world markets by Swedish monopolies specializing in bearings, telephone equipment, separators, turbines, and so on. The specialized industries of these two small countries have virtually from their inception been geared to the European and world market, and have thus been able to organize lar-

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[1] See B. Ohlin, *Interregional and International Trade*. Cambridge, p. 86.

[2] *Basler Nachrichten*, February 8, September 14, 1967.

ge-scale production which has made possible the allocation of considerable funds for scientific research.

The growing integration of Western Europe has had a strong influence on not only the formation of the external economic contracts of the small countries but also on their economic structure. As we know, some of them (the Netherlands, Belgium, Luxemburg) participate in the European Economic Community, while the majority of others (Sweden, Norway, Denmark, Austria, Switzerland, Portugal) are members of the European Free Trade Association. This division is far from being accidental. Small countries with a high level of specialization were not interested in joining the Common Market, whose charter and practices substantially restrict the independence of its members in their external and domestic economic policy. Orientation of the specialized economies of these countries on the internal market of the EEC alone would deprive them of many advantages which they had gained from their extensive contacts in other regions of the world. The specialization of these economies inevitably assumes orientation on the world market, with close interlocking in the world economic system as a whole.

In recent years other small countries have adopted "Swiss-type specialization" with the greatest headway having been made by the Netherlands (polymers, household electric appliances, food concentrates) and Denmark (ship-building, pharmaceutics). Major structural changes are in the offing in Belgium and Austria. Similar challenging problems face Finland and other small countries.

SPECIAL ASPECTS OF INDUSTRIAL CONCENTRATION

The peculiarities of the economic development of the small West European countries decisively influence the formation of their monopoly structure. Vast internationally important industrial and financial amalgamations came into being whose successful development was possible only in conditions of growing specialization of the economy. Out of a vast number of family-type firms catering to the home market there emerged a small group of industrial giants operating primarily for foreign consumers. Concentrating most of high-quality (sometimes experimental) production inside the countries, they transferred to their subsidiaries abroad the mass output of specialized products. It is not accidental that four out of Western Europe's ten largest industrial monopolies have their centres in small countries.

The development of monopoly capital in the small countries is directly related to the particular ways in which their economic structure was formed. Industrial concentration has proceeded there under somewhat unusual conditions. When there is a specialized economy and the production of the large monopolies is geared to external markets, a situation can arise whereby the domestic market loses its primary importance. Thus a certain measure of stability for small-scale production can exist.

Hence the peculiar dual structure of industry in the small countries. On the one hand, they have thousands of small enterprises, many of them even of a semi-artisan type, which operate

exclusively for domestic markets. According to industrial census data, enterprises with up to 100 employees accounted for 39.7% of the industrial labour force in Sweden (1961), 41.5% in Switzerland and 47% in Belgium. On the other hand, there are about thirty large specialized concerns employing more than 1,000 people each. Their share in total industrial work force is relatively small (14.7% in Switzerland, 16.3% in Sweden), but they dominate the industrial scene in these countries.

The trend towards monopoly in the small countries can best be traced through an analysis of the process of concentration and centralization of capital which has led to the emergence of powerful monopolies. These include six leading Dutch concerns (Royal Dutch Shell, Philips, Unilever, AKU, Hoogovens and Zout-Organon) and five Swiss (Nestle, Brown Boveri, Hofman-La Roche, SIBA, and Geigy). The Swedish "Big Five" (SKF, Volvo, ASEA, L. M. Eriksson and SAAB) and the "Leading Four" of Belgium (Petrofina, Solvey, Cockerill-Ourgee-Providence and Agfa-Gevaert) occupy relatively modest positions.

An idea of the scope and power of the leading monopolies of the small countries can be gained from the fact that in the European continent only the "Big Six" of the West German industrial giants (Volkswagenwerk, Siemens, Farbenfabriken-Bayer, etc.) outdo the six Dutch monopolies, whereas the French and Italian industrial companies lag considerably behind them.

The greater the extent of economic specialization of the small countries and the greater the share of specialized production in the total value

of industrial output, the higher the level of concentration of production and capital.

THE STRUCTURE OF FINANCE CAPITAL

The modern process of establishment of links between banking and industrial capital in the small countries does not differ fundamentally from such processes in the other advanced capitalist states. Complete universalization of banking operations is characteristic only of the commercial banks of Switzerland. Their counterparts in Sweden, the Netherlands and Belgium are forbidden to buy shares from industrial and trading companies. In practice, however, they continue to make investments. The participation of commercial banks in industrial corporate capital can be seen in the so-called associated companies and various holding companies specializing in the purchase of shares.

In the mid-1960s there were 103 banking monopolies in the capitalist world each with deposits exceeding $1,000 million. Among them were three Swiss, two Swedish, two Belgian and two Dutch banks. It should be noted, however, that, as distinct from the leading industrial monopolies, the largest banks of the small countries occupy a relatively modest place in the financial system of the capitalist world. The most important Swiss banks, Schweizerische Bankgesellschaft, Schweizerischer Bankverein and Schweizerische Kreditanstalt, rank, respectively, 53rd, 54th and 55th on the list of the world's biggest banks; the Swedish Svenska Handelsbanken, 56th; Banque de la Société Générale de Belgique, 59th, and

Amsterdam-Rotterdam Bank, 64th. That is due to the smaller scope of their operations abroad. Despite the recent growth of contacts with foreign societies, these banks operate mostly on the limited home market.

Nevertheless, the formation and activity of finance capital in the small countries have a number of special features which are closely connected with the peculiar nature of their economic structure. In the first place, the majority of financial groups are extremely international in character. Not a single large capitalist state has so many monopoly alliances with their production and financial bases abroad. One of the main causes of this phenomenon is the relative narrowness of the domestic market, which has from the very first limited their scale of operation. The growing specialization of industrial production inexorably compelled the monopoly bourgeoisie of these countries to set up a system of foreign strongholds. Their operations abroad enabled the financial groups of the small countries to become powerful monopoly associations of international importance.

Another feature of the finance capital of the small countries is the exceedingly high degree to which a few groups monopolize the economy. The limited home market and the universal character of the operations of the leading financial groups greatly complicate the emergence of new ones. This is not to say, of course, that the composition of monopoly groups has remained unchanged throughout the period of the evolution of imperialism in these countries. Technological progress and the development of modern branches of the economy have led to the formation of new finan-

cial associations. Simultaneously, however, there has been taking place diversification of the activity of the already existing groups which, relying on their powerful production and financial base, have continued to retain commanding positions in the economy.

The finance capital of the small countries is distinguished by its organizational diversity. Belgium, for instance, is like a pyramid topped by a holding company which has controlling interests in many industrial, banking, insurance, trading and other societies. This system makes for maximum efficiency in coordinating all the components of any given monopoly group. Finance capital in the other small countries does not have such distinct organizational forms.

The organizational dissimilarity of the financial groups of the small countries complicates direct comparison and makes it impossible to draw any definitive conclusions. It is indisputable, however, that Belgium's largest financial group, Société Générale, surpasses all the other groups in the small countries in its cohesion, organizational unity and, quite possibly, the degree of influence it exercises over the societies it controls. Yet the size of capital is the chief indicator of power and influence in the capitalist economy. Therefore a comparison of assets gives a general idea of the monopoly power of individual financial groups in small countries: Royal Dutch—Algemene Bank Nederland—$5,200 million (1967-68); the Zürich group—$4,600 million; Philips—Unilever—Amsterdam-Rotterdam Bank—$4,200 million; Société Générale—$4,100 million; Skandinaviska Banken—$3,800 million; the Basel group—$2,600 million; Stockholms Enskilda Bank—$2,600 million;

Brufina-Cofindustre—$2,200 million. It should be noted that the financial groups of small countries are by no means dwarfed by such well-known international financial alliances as the British Rothschilds—Samuels—Oppenheimers ($2,800 million), the French Schneiders ($3,000 million) or the West German Kommerzbank ($3,500 million).

Considerable influence and personal wealth are possessed by the multimillionaires who head financial groups in small countries. Among them are the Solvey family in Belgium, Philips in the Netherlands, Wallenberg in Sweden, Abegg in Switzerland. They are among the upper crust of modern capitalist business.

DEVELOPMENT OF STATE-MONOPOLY CAPITALISM

State-monopoly capitalism manifests itself in different ways depending on local conditions. In some states state control of the biggest enterprises in key industries is its most salient feature, in others it expresses itself primarily in increased state intervention in economic affairs.

The latter trend has been, on the whole, prevalent in the development of state-monopoly capitalism in the small countries. This is due to both the historical peculiarities of the formation of the economic structure of these countries and their special position in the modern capitalist world. The preservation of the outward forms of the old patriarchal order on which family firms are based; very carefully camouflaged property relations; the detailed planning of the financial magnates' operations; the absence of sharp dis-

proportions in the distribution of the productive forces—all contributed towards establishing the right conditions for the development of private capitalist enterprises in these countries. Therefore attempts at state regulation of economic affairs in these countries have become the principal manifestation of the development of state-monopoly capitalism.

The emergence and development of state property in the small countries took place in conditions which somewhat differed from those that obtained in most other continental European states. Almost all state-owned enterprises came into being long before the Second World War, whereas in the postwar years only a few institutions were set up in the sphere of credit and finance. For this reason the share of capital investments in state-controlled branches has remained relatively small throughout the postwar period (10 to 15% in Sweden and the Benelux countries, and even less in Switzerland). This is an exceedingly small proportion compared with the other West European countries.

The central role in the state regulation of the economic development of the small countries is played by measures in the sphere of credit and finance, and in recent years this regulation has begun to take the form of capitalist programming.

The Netherlands was among the first of the West European states to carry out economic programming on a large scale. "The First Memorandum on the Industrialization of the Netherlands", designed for five years, is dated 1948. Then two more programmes were adopted, the last one covering the 1963-70 period. The Dutch pro-

gramming practice is closely associated with the name of Prof. J. Tinbergen, a leading authority in this field. His model for economic programming is used for carrying out a number of state measures not only in the Netherlands but in many other capitalist countries. Planning is now widely practiced in Sweden, Belgium and other small countries.

In present-day capitalist Europe, Switzerland is, perhaps, the only country showing no particular interest in "growth programmes" or programming, which, however, does not mean that there is no tendency towards increasing state intervention in economic development. Distinct measures of state regulation were adopted in 1965-67, when ominous signs of inflation and general overheating of the economy had appeared on the horizon. The government then passed two resolutions providing for the working out and implementation, with the help of the National Bank, of a number of measures to restrict credit, the influx of foreign capital, and scale of building.

EXPORT OF CAPITAL

In his analysis of the export of capital as "one of the most essential economic bases of imperialism", Lenin cited the opinions of two German bourgeois economists regarding states which could belong to the category of "creditor countries". According to Schilder, in the period that preceded the First World War there were five industrial states which were "definitely pronounced creditor countries": Britain, France, Germa-

ny, Belgium and Switzerland. The author did not include the Netherlands as he considered it "little industrialized". But another German bourgeois economist, Sartorius von Waltershausen included Holland in this category and even referred to it as a model 'rentier state' "[1] Consequently, even in the early stage of imperialism there were three small West European countries among the principal exporters of capital

Substantial changes have taken place in this group of states since the Second World War, in the epoch of developed imperialism. Their number has increased by another small country, Sweden.

According to tentative estimates, in 1967, first place in the volume of investments abroad was held by Switzerland with $8,200 million, followed by Belgium with $4,500 million, the Netherlands with $4,200 million, and Sweden with $2,100 million. Only this group of small countries conducts external economic expansion on a considerable scale, whereas others (Austria, Finland, Norway, Denmark) act, for the most part, as spheres for the application of foreign capital. Their investments abroad are infinitesimal.

The structure and the direction of the export of capital by small advanced countries are determined by the peculiarities of their historical development. Prior to the 1950s they exported primarily loan capital, which was needed by war-ravaged Europe for the purchase of commodities and equipment. In that period Switzerland and Sweden were virtually the only creditors on the European continent. Later, they were joined by

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[1] Lenin. *Coll. Works*, Vol. 22, pp. 277, 278.

Belgium and the Netherlands, whose economies had suffered comparatively little during the war. These countries are, today, as before, important exporters of loan capital.

The second stage of the external economic expansion of the small countries was closely connected with the extension of the international activity of industrial monopolies, with the increase in specialization in the manufacture of high-quality goods. At that time the largest companies transferred a considerable part of their assets to other countries. Huge investments were made in the establishment of foreign subsidiaries and the seizure of controlling interests in competitor firms. For instance, two-thirds of all foreign subsidiaries of Swedish companies were set up from the 1950s onwards.

Until recently a large part of Dutch and Belgian investments was directed to overseas colonial possessions. The Swiss and Swedish monopolies, on the contrary, preferred to invest their capital in industrially advanced countries. But of late a certain levelling off has taken place in this field. Having lost much of their investments in Indonesia, the Dutch monopolies started actively building up their capital in the United States and countries of Western Europe. Belgian investments too are now directed primarily to industrially advanced countries.

SPECIAL ROLE OF THE MONOPOLIES OF SMALL COUNTRIES

The monopolies of small countries not only export their capital on a large scale but carry out

important intermediary operations in transferring assets from one country to another. For instance, one of the principal factors contributing to the growth of American investments in small countries was the establishment in Western Europe of two economic groupings. The Benelux countries were chosen as the base for penetration of the markets of the "Six", while Switzerland played the same role with regard to the "Seven". But the American monopolies also see another kind of "division of labour" for the small countries. For the establishment of production firms the Americans prefer the Benelux countries, while Switzerland has obviously become the "management centre" of American economic operations in Europe.

A large part of the foreign capital flowing into the small countries is designed for re-export. Intermediary operations are beginning to play an increasing role in the external economic activity of the monopolies of small countries. The investment of "pseudonymous capital" has assumed the greatest proportion in Switzerland. This country has long served as a convenient receptacle for German "roving capital". Large German investments were made in Swiss holding companies whose sphere of activity extended to many capitalist countries. The services of Swiss monopolies were used by many German trusts, such as AEG, Siemens, Krupp and IG Farbenindustrie. More recently Swiss companies have been assisting American corporations in penetrating the economy of Western Europe.

In recent years the monopolies of small countries have been performing especially important intermediary functions in the establishment of so-

called European companies. As the possibility of leading companies of the great industrial powers to come to agreement is always restricted by the ambitions of their leaders, the monopolies of small countries have assumed the role of mediator.

At the beginning of 1964 the first international company of the Common Market came into being. It was Agfa-Gevaert, a German-Belgian film-manufacturing society. Its organizational structure is so complicated that it is impossible to tell, according to an English magazine, whether it is "more German" or "more Belgian" than each of its components was before.[1].

A powerful international metallurgical complex sprang up when the Dutch Hoogovens united its interests with the West German Hoesch and Dortmund-Horder Hüttenunion (the latter was Hoogoven's subsidiary). In its case too the economists disagree as to whose capital predominates in it. This metallurgical union, the biggest in Western Europe, turns out about 9 million tons of steel annually.

An opinion is frequently expressed in the capitalist press that the earlier established Anglo-Dutch, Royal Dutch-Shell and Unilever served as prototypes of such "European companies". In volume of turnover they equal many leading American corporations.

The intermediary activity of the monopolies of small countries goes far beyond the bounds of economics. They often take the initiative in setting up international associations which also wield considerable weight in world capitalist politics.

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1 *The Times Review of Industry*, December 1967, p. 78.

Among these, mention can be made of the permanently functioning "International Finance Corporation" known as the Bilderberg group. As it resulted from the fact that the political leaders of the capitalist world were also leaders of the financial-industrial oligarchy, this unique organization, is called upon to bring pressure to bear upon governments, to coordinate their actions which are aimed at preserving the capitalist system. Another, no less important objective is to smooth over inter-imperialist contradictions and differences and to rally the capitalist world.

An important role in world capitalist economics and politics is played by the Bank for International Settlements (BIS) in Basel in which participate the central banks of eight leading West European states (Britain, West Germany, France, Italy, Belgium, the Netherlands, Switzerland and Sweden) and the United States, as well as certain private monopoly associations. Its principal function is to accept gold and currency deposits from central banks and issue credits to them.[1] In addition, this bank is the biggest buyer of gold from goldmining countries. Once a month financiers from both sides of the Atlantic get together in the quiet of the idyllic Swiss scenery to discuss, in a narrow circle, topical problems and the prospects of world currency policy. The proceedings and decisions of the "Basel Club" are usually off the record.

The important financial participation of Swiss banks in the capital of the BIS, and the fact that all its operations are conducted through the Swiss

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[1] *The Financial Times*, January 1, 1965.

National Bank, enable the monopoly bourgeoisie of that country to exert considerable influence on the activities of the powerful "Basel Club".

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Analyzing the imperialism of the small industrial countries of Western Europe, Lenin particularly stressed its multiformity and complexity. The monopoly bourgeoisie of these countries are not obedient satellites of the major capitalist powers. They operate with cunning skill and enterprise managing from time to time to snatch choice morsels from under the very noses of the bourgeoisie of the great powers. In essence, the tactics of the monopolies of small countries boil down to working out and operating a carefully planned system of catering to the varied interests of the industrial and financial elite of the modern capitalist world.

In the initial stages of the development of imperialism this consists largely in organizing first-class service to meet the personal requirements of the big bourgeoisie (Swiss tourism, Danish high quality milk and meat products, etc.). Today this service extends to the business activity of the monopoly bourgeoisie with the small countries endeavouring to create a widespread system for serving the specific economic requirements of the larger powers. The scope of their activity is exceedingly broad, ranging from research and information to special intermediary operations connected with the international movement of capital and the organization of overt and covert contacts between the financial magnates of different countries. The performance of these functions guaran-

tees high profits to the monopolies of small countries and a secure place in the system of modern world capitalism.

Australian Imperialism Yesterday and Today

I. LEBEDEV

PECULIARITIES OF DEVELOPMENT

In Lenin's works we find an analysis of the imperialism which then existed in the British dominions. Referring to one of them, New Zealand, Lenin wrote that there existed "two trends of imperialism (fully compatible): 1) Great-Power imperialism (participation in the imperialism of Great Britain); 2) *'local imperialism'*—its isolationism... exclusiveness."[1] This definition could be fully applied to the relationship between British and Australian imperialism.

The Australian bourgeoisie greatly benefited from its direct and indirect participation in the exploitation of the British colonial empire. As Lenin wrote, Britain deliberately strove to interest Australia and the other dominions in taking part in the plundering of its colonies and dependencies.[2]

As an example of Australia's active "participa-

[1] Lenin. *Coll. Works,* Vol. 39, p. 532.
[2] *Ibid.,* pp. 522, 562-563.

tion in the imperialism of Great Britain" we can mention the dispatch of Australian expeditionary troops to fight on Britain's side in the 1881-85 war in the Sudan and in the Anglo-Boer war of 1899-1902.

Australian imperialism, in Lenin's opinion, had another aspect which distinguished it from other types of imperialism: the Australian ruling elite were the monopoly possessors of a vast territory.[1] Domination of a whole continent (with a territory of 7.7 million square kilometres)was bound to influence the development of monopoly capital in that country.

Prior to the First World War capitalism on the Australian continent was still young and, in effect, an offshoot of British capitalism. "Capitalism in Australia is still quite youthful," Lenin noted in 1913. "The country is only just taking shape as an independent state."[2] British capital held unchallenged sway over the economy of the dominion, which accounted for nearly one-fifth of British investments in the empire. But its development as an "overseas continuation" of British capitalism enabled Australian capitalism to enter the imperialist stage when it was comparatively young. At the beginning of the century Australia already had (for those times) large monopolies in which British and Australian capital participated.

But the economic base of the newly established monopoly capital of the dominion was weak. In 1912 Australia had about 14,500 industrial establishments (mostly small) employing a total of

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[1] Lenin. *Coll. Works*, Vol. 39, p. 522.
[2] Lenin. *Coll. Works*, Vol. 19, p. 216.

312,000 people. The population of the country did not exceed 4.6 million. [1]

A boost to Australia's economic development was given by the First World War, and the period of the Paris peace conference marked the first attempts of the Australian imperialists to act independently in the international arena. W. Hughes, the Prime Minister at that time worked hard but without success to have all the former German colonies in the Pacific handed over to Australia (Australia received only mandates to former German New Guinea and Nauru Island).

In the period between the two world wars Australia remained to a high degree, economically dependent on Great Britain. To be sure, the recognition, under the 1931 Statute of Westminster, of the independence of Australia, as of the other dominions, in domestic and foreign affairs, testified to the increased strength of Australian imperialism, but it still lacked sufficient strength to pursue an independent policy. All Australia's external contacts were controlled by Britain.

The Second World War proved a turning point in the development of Australian imperialism. It gave an impetus to its economic growth. According to some estimates, Australia's industrial progress in the war years equalled 15 to 20 years of peacetime development. National capital grew stronger, gaining considerable ground on British capital in some branches (American capital played an insignificant role in the Australian economy at that time).

Britain's serious defeats by Japan in the war

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[1] *Offficial Year Book of the Commonwealth of Australia,* Canberra, 1968, pp. 1262, 1259.

in the Far East led to the re-orientation of Australian imperialism from Britain to the United States.

At the very height of the war the Australian government took a step that eliminated the last vestiges of the country's political dependence on Great Britain. In 1942, on its proposal, the Australian parliament ratified the Statute of Westminster, an act which Australia had long refrained from. The country ridded itself of British "patronage" in foreign affairs, established direct diplomatic relations with a number of countries, and began to act independently in the international arena.

CONCENTRATION OF PRODUCTION AND CAPITAL

In the postwar years the economic base of Australian imperialism has expanded considerably. The economy has been developing at a comparatively rapid rate. Australia has turned from an argarian into a developed industrial agrarian country. With a population of 12 million, in 1967-68 the gross national product of Australia exceeded $A24,000 million,[1] equalling approximately one-fifth of the GNP of Japan. In gross industrial output Australia has, since the beginning of the 1960s firmly occupied 8th place in the capitalist world, right after Canada.

Rapid progress has been made in the iron-and-steel, and non-ferrous metals industries, mechanical engineering (especially automobile ma-

[1] *The Sunday Times*, September 15, 1968.

nufacture), oil refining and chemicals. In 1967-68 Australia produced 5.2 million tons of pig iron, 6.3 million tons of steel, 37 million tons of coal, 23 million tons of brown coal, and 44,400 million kilowatt-hours of electricity.[1]

The concentration of production and capital has also speeded up. Today Australia ranks among the first in the capitalist world in degree of concentration of capital.

In 1966-67, 278 large enterprises employing more than 500 persons each had a total of 319,000 wage and salaried workers, i.e., more than a quarter of the labour force in the manufacturing industry (the total number of enterprises in manufacturing was 62,500 and that of employees, 1,318,000). Of this number, more than 190,000 worked in 91 enterprises each employing more than 1,000 people.[2]

As a result of the concentration of production and capital, approximately twenty monopolies (purely Australian or subsidiaries of British or American monopolies) virtually control the entire economy of the country. Some Australian monopolies and monopoly groups are as powerful as their Japanese and West European competitors.

The largest Australian monopoly, Broken Hill Proprietary (BHP), is much stronger than all the other industrial companies, whether Australian or foreign-owned. Its assets are double those of the runner-up, Imperial Chemical Industries of Australia and New Zealand, which is controlled

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[1] *Quarterly Summary of Australian Statistics*, No. 270, 1968, pp. 33, 34.

[2] *Official Year Book of the Commonwealth of Australia*, p. 1080.

by the British ICI, and the second-biggest Australian-owned monopoly Colonial Sugar Refining (CSR).[1] In 1967 BHP, with assets of $1,346 million, employed more than 52,000 workers. It ranks 31st on the list of 200 largest non-American industrial companies (CSR is 85th).[2] In 1968 the market value of its shares exceeded $A6,000 million.[3] In 1967-68 it netted $52.4 million,[4] the largest profits ever gained by an Australian company. In addition to owning the entire iron-and-steel industry of the country, BHP has its own merchant marine and large shipyards which mainly concentrate on building ore carriers with a displacement of up to 70,000 tons.

In the last two or three years BHP has actively participated in the fight for control of recently-discovered rich iron ore and oil deposits. Mount Newman company, in which BHP has 30% of the shares and CSR 20%, has started working the country's biggest proved iron ore deposit in Western Australia whose reserves exceed 1,000 million tons. About 25% of its shares are held by the large US monopoly American Metal Climax and the rest by the Japanese Mitsui and Ito Monopolies (10%), the British Selection Trust, and some Australian companies. Mount Newman has received a contract for the delivery to Japanese steel companies over a period of 15 years of 146 million tons of ore to the value of more than $A1,200 million. In addition, in the next ten years it will

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[1] See *The Times*, "500 Leading Companies in Britain and Overseas. 1968-69." London, 1968, p. 49.
[2] *Fortune*, August 15, 1969, pp. 107, 108.
[3] *Tribune*, July 17, 1968.
[4] *Fortune*, August 15, 1969, p. 107.

supply 70 million tons to Australian iron and steel makers, that is, to enterprises belonging to this same BHP.[1] Deliveries to Japan have already started.

Colonial Sugar Refining (assets: more than $510 million) fully controls sugar manufacture and trade in Australia and New Zealand, holds firm positions in the building materials, chemical, and extractive industries. Its enterprises in Australia employ more than 12,000 people. This monopoly has also gained control of all sugar production in Fiji, on which the island's economy is based. Here CSR enterprises employ about 20,000 workers. In addition, about 13,000 local sugar cane growers are dependent on CSR.[2] As a matter of fact, CSR controls the entire economy of this British colony with its population of half a million. Its net profit in 1967-68 topped $17 million.

Thousands of wage and salaried workers are employed in enterprises belonging to other "purely" Australian monopolies. For example, about 15,000 people work for Australian Consolidated Industries and over 5,000, for Australian Paper Manufacturers.

Among the other biggest monopolies are General Motors-Holden (a subsidiary of the American giant), which controls a large part of the automobile industry, and Imperial Chemical Industries of Australia and New Zealand, which dominates the chemical industry. The assets of each roughly equal those of Colonial Sugar Refining.

Banking is controlled by six commercial banks.

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[1] *Time,* July 4, 1969, p. 56.

[2] *Pacific Islands Year Book and Who's Who.* Sidney, 1963, p. 257.

At the time of writing, two mergers are being planned. These would combine the Bank of New South Wales with the Commercial Bank of Australia, and the National Bank of Australasia with the Commercial Banking Company of Sydney. Of the six banks mentioned above, these are the four biggest. If this happens there will be two banking groups with assets of more than $A4,000 million and 2,000 million respectively,[1] and the number of leading banks will be reduced to four.

A specific feature of Australia is the existence of powerful agricultural monopolies. In the degree of monopoly in agriculture, Australia may well lead the field in the capitalist world. At any rate, Elder Smith Goldbrough Mort-Dalgety and New Zealand Land with assets in the region of 200 million dollars is regarded as the world's largest agricultural monopoly.[2] Several agricultural monopolies rank among the leaders in the Australian economy.

There are four principal groups of Australian finance capital which have formed round the industrial and agricultural monopolies and the banks.

The principal one, the Melbourne group, is centred round BHP and is headed by the family of financial and industrial magnates—the Darlings. This, "the most powerful and aggressive monopoly group in Australia,"[3] is followed by the Sydney group whose leading members are the Bank of New South Wales, Colonial Sugar Refin-

[1] *The Times,* January 3, 1969.
[2] *The Economist,* May 30, 1964, p. 1000.
[3] E. W. Campbell. *The 60 Families Who Own Australia.* Sydney, 1963, p. 32.

ing, and the Commercial Bank of Australia. It is headed by the Knox and Fairfax families. The third one, Collins House, unites some large monopolies in the extractive and non-ferrous metals industries (it is so called after Collins Street in Melbourne where some of these monopolies have their offices). There the Baillieu family dominates. The Adelaide group, led by the Bank of Adelaide, is much weaker than the other three. It is closely connected with the agricultural monopolies. The total assets of the industrial, agricultural, commercial and other companies controlled by these four groups run into many thousands of millions of dollars.

A strong "purely Australian" financial oligarchy has become established. About fifty families make up the titled aristocracy of Big Business which dominates the economy and exerts decisive influence on the country's policies.

Australia's postwar economic development has been characterized by a tremendous influx of private foreign capital which, according to a statement made in February 1969 by W. McMahon, the Treasurer, totalled roughly $A7,000 million in twenty years beginning with 1947.[1] More than half of it came from Britain and about one-third, from the United States and Canada. In 1967/68 and 1968/69 the annual influx reached a record level of more than $A1,000 million.[2] In recent years much more capital has been imported from the United States than from Britain.

Direct US investments in Australia are today

[1] *The Financial Times*, February 25, 1969.
[2] *Quarterly Economic Reviews, Australia*, No. 3, 1968, p. 13.

greater than in the whole of Africa (1967: $2,354 million in Australia and $2,277 million in Africa).[1]

Latterly increasing amounts of capital have been pouring in from Japan as well as from West Germany, France, Switzerland and other West European countries. The fifth continent has become one of the most important spheres of investment for the monopolies of advanced capitalist countries.

Whole sectors of the Australian economy, including car manufacture, chemicals, oil refining, and ore mining, are controlled by foreign (predominantly British and American) capital. According to some estimates, about one-third of the entire manufacturing industry and approximately half of the extractive industry are in the hands of foreign companies. If the influx of capital remains at its current level, some economists believe that by 1975 more than half of the Australian economy will find itself under foreign control.[2] Consolidation of the position of foreign capital will threaten the country's economic independence.

Nevertheless one should not overestimate the influence of foreign capital on postwar Australia. "Purely Australian" monopolies have grown considerably stronger. Today the relationship between Australian capitalism and its British, American or Japanese counterparts differs substantially from its former relationship with British capitalism. Despite the expansion of the positions of foreign capital, Australian monopolies retain

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[1] *Survey of Current Business*, October 1968, p. 24.

[2] *Industriekurier*, March 13, 1969.

control over most of the economy. The degree of foreign control in the Australian economy is approximately half what it is in Canada. The support local capital receives from the state is a tremendous help in strengthening its position.

Foreign monopolies can make huge profits in Australia only with the consent and assistance of local capitalists. Characterizing the relationships between Russian and foreign capitalists, Lenin pointed out that "unless they were helped in every way by Russian capitalists, they would have been *unable* to operate in Russia at all. One good turn deserves another. American, British and German capitalists rake in profits with the help of Russian capitalists, who get quite a big share."[1] This applies in large measure to the cooperation between Australian and foreign capital.

Of late the Australian capitalists have been demanding a bigger share. Relying on the support of the state, they very firmly insist on a greater share of the vast profits of foreign companies. The continued influx of foreign capital further heightens the competition between local and foreign monopolies, and aggravates inter-imperialist rivalries.

"MONOPOLY OVER A CONTINENT"

Australian imperialism enjoys an important distinction and advantage over other medium-sized or small imperialist countries such as the Netherlands or Belgium in its control over a whole continent with vast natural resources. The influence

[1] Lenin. *Coll. Works*, Vol. 18, p. 130.

it wields in the economic and political policies of the imperialist powers is largely due to this factor. Possession of an untapped continent has always been the principal asset of Australian capitalism but it is only now becoming clear how great this asset really is.

In the past five years a number of mineral deposits of world importance, among them those of iron ore, bauxites, coal and nickel, have been found in Australia. At present high-grade iron ore reserves are estimated at 20,000 million tons (among the largest in the world), and those of bauxites, at 2,000 million tons (more than one-third of all known reserves in the capitalist world; some put them at more than 4,000 million tons); coal 25,000 million tons; phosphates 1,500 million tons. In addition to the colossal resources, of lead, zinc and copper are the newly-discovered nickel deposits (approximately 100 million tons). Large oil deposits have also been discovered, disproving the prevalent opinion that the fifth continent has no oil of its own. Already Australia has been called "Texas Down Under" (i.e. in the southern hemisphere).[1] And *Industriekurier*, organ of the West German monopolists, noted that "considering its raw material potential, present-day Australia is perhaps the richest country in the world."[2]

A struggle unprecedented in the country's history, has started over control of the newly discovered mineral deposits. The combatants include such giant ore mining monopolies as British Rio Tinto-Zinc, American Kaiser Steel Corporation,

[1] *The Economist*, April 6, 1968, p. 59.
[2] *Industriekurier*, March 13, 1969.

Kaiser Aluminum and Chemical Corporation, Cleveland-Cliffs Iron Company, Utah Construction and Mining, Aluminum Company of America and American Metal Climax (AMAX), the French Pechiney, the Japanese Mitsui and Mitsubishi, as well as the Australian BHP, CSR, and others. A large part of the broad flow of foreign capital is being directed towards the working of these deposits.

One of the most important consequences of the mineral "boom" is the consolidation of Australia's economic ties with Japan and the growth of its dependence on the Japanese market. Today the prospects for utilizing these great natural resources depend in no small measure on the prospects of the Japanese market, which tops the list of potential buyers of iron ore, bauxites and other raw materials from the American, British, Australian and other monopolies engaged in the development of Australia's mineral wealth. Specifically, contracts have already been signed for the delivery to Japan, within the next 15 to 20 years, of more than 360 million tons of Australian iron ore and almost $A4,000 million worth of iron ore.[1] According to Japanese estimates, by 1975 deliveries from Australia will be meeting at least 40% of the requirements of the Japanese iron-and-steel industry.[2]

In January 1969 a contract was concluded in Tokyo providing for the delivery, in the course of 13 years, of 85 million tons of coking coal to a total sum of about $A1,000 million. It is the largest contract in the history of the capitalist coal min-

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[1] Based on *The Financial Times*, May 14, 1969.
[2] *The Times*, May 2, 1969.

ing industry. The coal will be mined at a deposit in Queensland and worked jointly by the American Utah Development Company and the Japanese Mitsubishi.[1] Queensland is reported to be on the way to becoming the chief supplier of coking coal to Japan.

The Japanese monopolies generally regard Australia as the main raw material base for their future development. They import not only Australian minerals but also agricultural raw materials, first and foremost, wool. Out of the 803,000 tons of wool produced in Australia in 1967/68, 36% was exported to Japan and only 10% to Britain, once the biggest consumer of Australian wool.

Japan holds a firm first place in Australian exports, with 21.1% of the total, or $A642 million, in 1967/68 (Britain's share was 13.8% and that of the United States, 13.2%). It should be noted that in 1950 Britain accounted for almost 40% and Japan, for only 4% of Australian exports.

The growing economic contacts between Australia and Japan are being closely watched by Western economists and the press. At the beginning of 1965, discussing the possible implications of the first iron ore contracts, the British journal *New Commonwealth* expressed the view that the further development of Australia's trade with Japan was something more than mere financial deals. It was, in fact, the beginning of the economic integration of these two countries. In all likelihood, the journal stressed, Japan was taking over the role which Britain had been playing in the Australian economy

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[1] *The Financial Times*, January 1, 1969.

for so many years.[1] The French *Le Monde* was of the same opinion: "In the sphere of trade, Japan has truly become for Australia the successor to the very same Britain which is now knocking at the door of Europe."[2]

What is now actually taking place is the formation of a "Japan-Australia" economic complex in which Australia plays primarily the role of supplier of raw materials and market for the Japanese industry. Some features of it are reminiscent of the former "Britain-Australia" complex which, incidentally, greatly contributed to the consolidation of British imperialism prior to the Second World War.

But it would be simplifying things to regard the growing economic cooperation between Japan and Australia as a repetition of the same kind of economic relations that existed for many decades between Australia and Britain. Australian imperialism is far from what it was before the Second World War. Today the economy of the country is comparatively independent. Australian imperialism feels more confident in its relations with Japan, hoping to find in it a new partner and not a new patron.

The monopolies interested in stronger links with Japan are calling for Japanese-Australian "partnership". They favour not only further extension of trade with Japan but also partnership of Japanese capital in developing the natural resources of the continent and establishment of joint companies, "Japanese-Australian de-

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[1] *New Commonwealth*, February 1965, p. 73.
[2] *Le Monde*, October 24, 1967.

velopment" of Southeast Asia and Oceania (including New Zealand and New Guinea).

A circumstance of exceptional importance bearing on the development of Australian-Japanese economic cooperation, which is based primarily on the current re-orientation of the Japanese monopolies to the raw material resources of the fifth continent, is that a large part of these resources is US-controlled. In fact, we are witnessing the growth of Japan's dependence, as far as raw materials are concerned on American monopolies.

Within the framework of this complex intertwining of Japanese, American and Australian interests, the Australian monopolies possess ample possibilities for playing on the contradictions between their powerful "partners", and are doing so not without success.

What is taking place now is unscrupulous plunder by foreign monopolies of the mineral wealth of the continent, with the domestic monopolies doing what they can to get their share. At the same time the Australian capitalists are seeking to keep hold of their "monopoly over the continent", which they fractionally forgo in favour of the competitors only in the hope of being comfortably recompensed.

Australia's rulers intend to accelerate the reclamation of the continent with the help of state-monopoly methods. There is rapid increase in state allocations for "development projects" (construction of electric power stations and irrigation installations, development of the transport network, etc.). A form of state-monopoly stimulation of economic growth characteristic of Australia is encouragement of mass immigration,

with the state defraying a large part of the travelling and settlement expenses. About 2.5 million people have come to settle in Australia since the war. The Ministry for Immigration expects that before the end of the century Australia will have received at least 8 million more immigrants.

The activities of Australian monopoly capital are not confined within the bounds of "its own" continent. Australia is the biggest colonial power in Oceania. Its colony, Papua, and trusteeship New Guinea (the Australian imperialists regard the entire Papua-New Guinea territory as a colony) are inhabited by more than 2.2 million people. The total area of Papua and New Guinea is 475,000 square kilometres. Australian monopolies are also the principal exploiters of the British colonies of Fiji and the Solomon Islands, of the New Hebrides under Anglo-French condominium, and of many other colonial territories in Oceania.

Australian imperialism inherited, as it were, some colonial characteristics from British imperialism during the period when it was a "branch" of the latter (characteristically, Australia "received" its first colony, Papua, in 1906 from Britain), and it has largely retained them to this day.

Direct exploitation of colonies (as distinct from indirect participation in the exploitation of the British colonial empire) has never been so important to Australian imperialism as to the imperialists of Britain, France, Belgium or the Netherlands but there are no grounds to underestimate its importance either. Colonial Sugar Refining, for instance, has grown on the plun-

der of Australian and British colonies in Oceania, on the ruthless exploitation of their population. Two large Australian monopolies, Burns Philp and W. R. Carpenter, dominate the economy of Papua and New Guinea and hold firm positions in the economy of Western and Eastern Samoa, Fiji, New Hebrides and some other islands.

The Australian colonialists not only stubbornly refuse to grant independence to the peoples of Papua-New Guinea, but work actively to prevent elimination of colonialism in Oceania altogether. Australian imperialism is the leading colonialist force in that region of the world.

A "MIDDLE" IMPERIALIST POWER

After the war Australian imperialism actively joined in the inter-imperialist struggle for spheres of economic and political influence as an appreciable independent force. It is indicative that of late the Western press increasingly refers to Australia as a "middle power", whereas throughout the first two postwar decades it figured as a "small power".

Australian imperialism is pressing for recognition of its "special role" in Southeast Asia and Oceania. Relying on the increased economic power of the country, the Australian monopolies are out for domination of the economy of the region. They have already seized important positions there and made comparatively large investments.

As for Oceania proper (including New Zealand), Australian imperialism regards it, in per-

spective, as a sphere of its exclusive influence. Out of the total sum of Australian foreign investments, estimated at $A187 million in 1967, New Zealand accounted for $A82 million.[1] The Australian monopolies have far-reaching plans for Australian and New Zealand economic (and political) integration with New Zealand as the junior partner. It is indicative that during his visit to Wellington early in 1968 the Australian Prime Minister, John Gorton, had to deny publicly rumours, persistently bandied about in the press, that New Zealand would be invited to join the Commonwealth of Australia as a seventh state.[2]

Australian imperialism is also bent on extending its political influence in Southeast Asia. That is one of the major reasons behind Australia's complicity in the Vietnamese war.

The Australian government's decision, announced in February 1969, to keep its troops in Malaysia and Singapore after Britain's withdrawal in 1971 testifies to Australia's intention to continue "to play a role" in Southeast Asia even after the contemplated "departure" of Britain and the possible "departure" of the United States.

To back up their ambitious plans in that region, Australian imperialists have set about turning the country into an independent military force. In the 1968/69 budget Australia's military expenditures reached a postwar record of $Al,217 million—and the question of nuclear weapons remains on the agenda. According to press re-

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[1] *Australia in Facts and Figures,* No. 99, 1968, p. 40.
[2] *The Financial Times,* April 3, 1968.

ports, the possibility of equipping the armed forces with nuclear weapons was discussed during the consideration of "defence" plans in government circles in the middle of 1968. Australian papers reported at that time that the Gorton government was sounding world public opinion as to whether it was "right and proper" for Australia to have its own nuclear weapons. In October 1968 Minister for Defence, Fairhall, made a broad hint to the effect that the security of the country could come to depend on fissionable materials produced by Australian nuclear reactors.

Australian imperialism is certainly well aware of its limited strength and potentialities, and it is trying to achieve its objectives in Southeast Asia and Oceania with the aid of American, British and, latterly, Japanese imperialism.

Throughout the postwar period Australian foreign policy has been based on alliance with the United States, to which it is tied through the ANZUS and SEATO military blocs. Of late the United States has been trying to reanimate and consolidate ANZUS, of which New Zealand is also a member, so as to shore up its weakening positions in Southeast Asia and the Southwest Pacific. It was stressed in the US press, in connection with the Nixon—Gorton talks in May 1969, that the United States was anxious to harden "the US partnership with Australia". [1]

The current political rapprochement between Australia and Japan is very characteristic. Ja-

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[1] See, for instance, *US News & World Report*, May 19, 1969.

panese rulers are playing for high stakes in this "cooperation" hoping for Australia's junior partnership" in the political blocs being planned in Tokyo. During his visit to Canberra in October 1967 Prime Minister Sato, declared that the two countries were steering towards the same goals in their foreign policy, and expressed hope that, as they are the most advanced countries in Asia and the Pacific, they would cooperate in the attainment of these goals. The Australian and foreign press has been making increasing references to a "Japanese-Australian duet" in Asian and Pacific affairs. It is noted, among other things, that possibilities for coordinating policies in Asia were discussed during the visit of Australia's Minister for External Affairs, Freeth, to Tokyo in the summer of 1969.

In some ways the development of Australian imperialism resembles the history of another young imperialism, that of Canada. This is due above all to the similarity of their origin (which, of course, does not rule out substantial distinctions). Australia's place in the economic and political set-up of modern imperialism too is to a certain degree comparable to the place occupied by Canada.

In either instance there is a mature national imperialism, a capitalist state with a highly developed economy and its own financial oligarchy, but not wholly independent of the main imperialist powers above all the United States. At the same time, both Australian and Canadian imperialisms play an increasingly independent role in the economics and politics of the imperialist camp.

Lenin on Japanese Imperialism and Japan Today

E. LEONTYEVA

It is only one hundred years since Japan took the road of capitalism and was transformed into the capitalist's world second industrial power. This process took a decisive turn after the Second World War, when Japan left far behind all the other advanced capitalist countries in economic growth-rates.

Assessing the balance of forces in the capitalist world on the eve of the First World War, Lenin mentioned Japan as belonging to the *new* imperialist powers and counted it along with Germany, as one of the young countries making extraordinarily fast progress.[1] However, despite its rapid development, at the beginning of this century, Japan still lagged far behind the "old" capitalist countries in the scale and technical level of industry, in the degree of concentration of production and capital, and the maturity and power of financial groups. For this reason, in his definition of the five principal economic areas of the world, Lenin put Japan in the East Asian division "where capitalism is little developed."[2]

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[1] Lenin. *Coll. Works*, Vol. 22, pp. 259, 274.
[2] *Ibid.*, p. 273.

At that time vestiges of feudal relationships still played a distinct role in Japan's economic and political affairs. The young monopoly bourgeoisie shared power with the landowner class. The urban rich were interested in using pre-capitalist forms of exploitation of the working class and hence in preserving the survivals of the feudal system in the villages. The limitations of the domestic market impelled the Japanese monopolies to expand their operations abroad.

Japan's first independent steps as an imperialist power took the form of armed aggression: the Japanese-Chinese war of 1894-1895, participation in quelling the I Ho T'uan uprising in China in 1901, the Russo-Japanese war of 1904-05. But the Japanese monopolies' opportunities to join the economic struggle for seizure and redistribution of markets were limited. Japanese monopoly capital relied for support on the military power of the landowner-bourgeois state and concentrated on a policy of military adventures. Lenin observed the similarity between Japanese and Russian imperialism, the features in common which make it possible to apply to Japanese imperialism Lenin's definition of the " 'bureaucratic' regime" of tsarist Russia "with its vast self-sufficiency and independence" based on a coalition of the new, monopoly bourgeoisie and the moribund but still strong class of landowners.[1] "In Japan and Russia the monopoly of military power... or special facilities for robbing minority nationalities... partly supplements,

[1] Lenin. *Coll. Works,* Vol. 17, p. 390.

partly takes the place of, the monopoly of modern, up-to-date finance capital."[1]

During the First World War, Lenin wrote, Japan "gained a great deal by keeping out of the European-American conflict and by seizing the enormous Asian continent".[2] But in a situation characterized by the domination of the finance capital of a "handful of the richest states", Japan remained in a back seat. The successes of its imperialist policy of conquest (Korea, Taiwan, a part of Manchuria) were facilitated by the remoteness of the Far East from the main centres of world capitalism. Japan's expansion was confined within comparatively narrow bounds. As Lenin commented "though Japan was able to plunder the East, the Asian countries, she cannot constitute an independent financial and military force without support from another country".[3]

In the period between the two world wars growth of a large-scale machine industry and stepped-up concentration of production and capital brought about a major change in the balance of forces within Japan's ruling elite in favour of the monopoly bourgeoisie. The extremely low colonial level of wages of the Japanese workers facilitated the expansion of the Japanese monopolies in foreign trade in the 1920s, enabling them successfully to compete with West European industry. A large part of the accumulation was used, with direct participation of the state, for the export of capital, consolidation of the posi-

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[1] Lenin. *Coll. Works,* Vol. 23, p. 116.
[2] Lenin. *Coll. Works,* Vol. 31, p. 217.
[3] Lenin. *Coll. Works,* Vol. 31, p. 226.

tions seized in China and Korea, and preparations for new wars of aggression.

After the occupation of Manchuria (1931) and especially after the attack on China (1937) the political system by which the monopoly bourgeoisie and landowners ruled acquired obvious traits of a military fascist dictatorship. The state apparatus was geared to making every effort to mobilize the economy for a major war, which was a particularly ruthless policy in view of the fact that Japan's military and economic potential was far behind that of the United States.

The Second World War, which put a tremendous strain on the strength and material resources of Japan, played havoc with the economy and caused untold suffering to the working people. The capitulation marked the collapse of the entire military-feudal and military-bureaucratic system with which the monopoly bourgeoisie had ruled for three quarters of a century. Japanese imperialism lost its colonial possessions, foreign investments, spheres of influence in Asia, the entire network of external economic contacts. The imperial army was disbanded which removed the ground from under the feet of the ruling military clique. Japan's defeat in the war eliminated its monopoly of military force in the Far East and the "special facilities" it enjoyed for robbing its neighbours, i. e., the conditions which had in some measure compensated for the insufficient productive and financial power of the Japanese monopolies. Tremendously important for the further development of Japanese monopoly capital was the fact that the world balance of forces had changed radically under the impact of the successes of socialism, under the emer-

gence and development of the socialist world system, the growth of the working-class and democratic movements, the collapse of colonialism, the formation of a large family of young national states, and the growing national-liberation movements.

During the military occupation of Japan a number of reforms were carried out. These were put into effect during a situation of economic chaos and political crisis, when the United States changed its policy on Japan's future and decided instead of weakening it to convert it into the principal bastion of anti-communism in the Far East, into a base in the drive for domination in the Pacific. The American occupation authorities and the Japanese rulers regarded it as their direct task to bolster up the tottering foundations of bourgeois society and "normalize" conditions for the functioning of a capitalist economy. Naturally, the Western principles on which capitalist enterprise and the corresponding socio-political standards are based were used by the occupation authorities as a model. The methods by which the old ruling clique had kept itself in power were so far removed from these standards, and so discredited by the defeat in the war, that the postwar reforms in many respects amounted to a bourgeois-democratic revolution.

The agrarian reform of 1946 undermined landlordism and led to the emergence of a numerous stratum of peasants property owners who up to now constitute the mass base of the ruling party. With the abolition of privileges, the landlord class dissolved in the bourgeoisie. Thus the social structure of society changed.

The new labour legislation necessitated the

substitution of the prevalent pre-capitalist methods of exploitation in industry with methods more suitable to monopoly capitalism. The increased resistance of the working class led to the passing of laws establishing normal working hours. A powerful trade union movement, legalized in 1946-47, became an integral element of the socio-political life of the country. The changed balance in class forces and the need to eliminate the technical lag due to the new conditions of the world market, compelled monopoly capital to embark on massive renovation and expansion of industry. The establishment and renovation of production facilities—a process which developed on a tremendous scale—rapidly expanded the horizons of the domestic market for producer goods. The changes in the structure of society and in the social atmosphere created certain conditions encouraging the growth of internal consumer demand.

The postwar "decartelization" (1947-1948) eliminated the main holding companies of the financial groups *(zaibatsu)* and placed mergers and cartel agreements under definite state control. These measures hastened the replacement of the old organizational forms of monopoly which did not conform to the demands of modern large-scale industry by a new structure of monopoly capital.

Of tremendous importance for the development of the Japanese economy in the 1950s and 1960s was the fact that the scientific and technological revolution greatly intensified the trend, characteristic of the last stage of capitalism, towards a certain levelling off in the capitalist world, towards the equalization of "the economic and living

conditions in different countries... as a result of the pressure of large-scale industry, exchange and finance capital".[1] The postwar readjustment brought Japanese imperialism nearer to the classical type, transforming it into a species of the universal model of highly-developed state-monopoly capitalism. Its characteristic features became great flexibility in adapting itself to new conditions in the capitalist world economy and a high degree of consolidation of forces of the monopoly bourgeoisie in economic competition with West European and American imperialism.

SPECIAL ASPECTS OF INDUSTRIAL CONCENTRATION

Branches with a low organic composition of capital prevailed in the industry of prewar Japan. Large-scale business activity, which comprised, together with trading and banking monopolies, the core of the *zaibatsu,* had a narrow basis in a limited number of types of production. The preponderance of small-scale commodity production—the consequences of the weakness of Japanese capitalism—determined the peculiarities of the process of concentration in the postwar period as well. This, however, did not prevent this process from developing according to the general pattern of monopoly capitalism. "The facts show," Lenin wrote, "that differences between capitalist countries... only give rise to insignificant variations in the form of monopolies or in the moment of their appearance; and that

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[1] Lenin. *Coll Works,* Vol. 22, p. 259.

the rise of monopolies, as the result of the concentration of production, is a general and fundamental law of the present stage of development of capitalism."[1]

Since the beginning of the 1950s industrial output in Japan has risen 9.5-fold and the number of wage workers, 2.5-fold. The structure of industry has come to be characterized by branches based on large-scale machine production, such as general, transport and electrical engineering, metallurgy and the production of chemicals and synthetic fibre and resins. It is a fact that even in 1966 large enterprises with more than 500 employees each, accounted for 40.6% of industrial output and 23.9% of all industrial employees, whereas the respective percentages in the United States (1963) were 50.1 and 42.9. In Japan 42.7% of employees and 23.8% of output fall to the share of small enterprises with up to 50 workers; in the United States this group employs only 13.3% of industrial workers and turns out 16.4% of total output.[2] Although the number of employees cannot serve as an integral indicator of concentration of production in conditions of growing automation, these figures testify to both the comparatively small scale of productive units of modern machine industry in present-day Japan, and to the considerable role of small and medium-size enterprises.

The postwar development of Japan has been marked by a discrepancy between high growth rates in industry and the slow progress of concentration of production. Another feature is the con-

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[1] Lenin. *Coll. Works*, Vol. 22, p. 200.
[2] *Statistical Abstract of the United States, 1968*, p. 728.

cealed forms of concentration, which occurs when a small business is drawn into the orbit of large-scale enterprise but still retains its legal independence. This is practised much more widely in Japan than in the other industrial countries. The conversion of small business into a functional element of the operation of monopoly is based in Japan on the colossal gap between the wages in small and large enterprises. Thus conditions arise for the appropriation by monopoly of part of the surplus product created by the labour of the workers of small enterprises, which broadens the possibilities of capitalist accumulation.

Development of large-scale industry is accompanied by the constant growth of small enterprises with a rapidly changing line of goods and it provides new fields which offer small businesses the opportunity to specialize. At the same time, growth of labour productivity in large enterprises puts out of business the weakest and technically most backward of the small business owners. These processes in Japan's economy today are further proof of the inevitable concomitant of the development of capitalism pointed out by Lenin: "millions of small, medium and even some big 'proprietors' are in fact in complete subjection to some hundreds of millionaire financiers." [1]

Until the early 1960s, build-up of manufacturing capacity through new investments was the principal form of concentration of production in the sphere of Big Business. It took the Japanese monopolies fifteen years to catch up with their foreign competitors in the scale of production in

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[1] Lenin. *Coll. Works*, Vol. 22, p. 197.

such mass production industries as power, oil refining, petrochemicals and automobile manufacture and to set their course on reaching the higher levels of modern technology. The oil refineries under construction at the end of the 1960s could process more than 100,000 barrels of oil daily; the aggregate annual capacity of the latest ethylene-synthesizing installations reaches 300,000 tons; each of the new steel industry projects will be turning out 8 to 10 million tons of steel every year. Nevertheless, even now large enterprises in a number of industries, especially in general and electrical engineering, stand out for their wide range of products which are manufactured in small quantities.

Because of the wide technological gap, the range of newly-created industries in postwar Japan was wider than in many other capitalist countries, and the size of enterprises relatively smaller. This, plus the high rate of accumulation, facilitated the movement of capital between industries and the appearance of a large number of new monopolies. The extensive development of big capital and its flow into new spheres of economic activity made the monopoly structure more complex and slowed down for some time the process of concentration of production.

CHANGES IN THE STRUCTURE OF MONOPOLY CAPITAL

The prewar concerns Mitsui, Sumitomo, Mitsubishi, Jasyda, Furukawa and others were based on mutual shareholding ("the share system") and had a closed hierarchical structure headed by a

holding company and a bank with investment coordinated centrally. The three biggest concerns (Mitsui, Mitsubishi and Sumitomo) represented a universal, for that time, complexes of industrial, trading and shipping enterprises and credit institutions.

In 1947-1948, simultaneously with the dissolution of the *zaibatsu,* the biggest industrial and trading monopolies were broken up into two or three parts. Among them were Nippon Seitetsu (iron and steel), Mitsubishi Jukogyo (Engineering), Ojo Saji (pulp and paper), Mitsui Busan and Mitsubishi Shoji (trade). Towards the end of the 1950s there had taken place a certain consolidation of links between concerns formerly belonging to the *zaibatsu.* It had proceeded not so much through mutual shareholding as through the formation of groups round commercial banks on the basis of preferential credits, and also the establishment of jointly-owned companies in the petrochemical, electronic, atomic power and other new industries.

As the sectoral structure of the economy developed so did the production base of the Japanese monopolies, with the largest firms in electrical engineering, automobile manufacture, oil processing and petrochemicals developing from companies that had been outside the *zaibatsu.*

Because of great money scarcity, the principal form which centralization of capital took in post-war Japan was in groups of large enterprises centered round commercial banks. As distinct from Western Europe and the United States, where self-financing is the main source of accumulation, in the monopoly structure of Japan this role is played by concentration of funds in

credit institutions, including urban commercial banks, which constantly receive renewable credits from the Bank of Japan.[1] As the "anti-monopoly" policy slackens, the new financial groups begin to practise mutual shareholding interlocking directorships and various forms of permanent links. The most powerful financial groups of Japan include Mitsubishi, Sumitomo, Fuji, Daiichi and the group of the Industrial Bank of Japan. A common trend is the establishment of a universal complex of branches, to control complete production cycles with certain stages organized on a mass production basis.

It would be an exaggeration to identify the establishment of new production and financial links and the formation of financial groups under familiar names with a revival of the *zaibatsu.* On the one hand the groups centred round commercial banks are not nearly so strong as the old *zaibatsu;* their boundaries are less distinct and their internal links less stable, and they all subject to fierce competition in the rapidly changing sectoral structure of production. On the other hand, as the production units grow in scale, the practice of getting credits primarily from the principal bank of the group proves insufficient for the most powerful monopolies in the iron-and-steel, power and engineering industries, which go over to a freer choice of credit institutions.

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[1] The share of external sources in financing corporations in Japan is 77.3%, as against 41.2% in the United States. In the aggregate sum of credit of companies belonging to the group of one and the same bank, the share of this bank averages 20%, sometimes ranging from 10 to 60%. (*Keizai hakusyo,* 1968, Part I, p. 152, data for 1966).

In addition, in 1965-1969 a tendency towards the merger of companies belonging to different financial groups began.

Firms from different monopoly alliances participate in creating powerful conglomerates "at the junction" of industries (for instance, petrochemical and metallurgical-chemical complexes). With the expansion of the network of their subsidiaries some of the biggest engineering monopolies (Hitachi, Tokyo-Shibaura) tend to set up their own monopoly groups. It seems very likely that the present-day forms of inter-monopoly liaison are of a transitional nature and that the monopoly capital of Japan will undergo a period of intensive centralization and regrouping before its organizational structure acquires relative stability.

Until the beginning of the 1960s the process of centralization of capital in the form of mergers and takeovers developed comparatively slowly. As the Japanese economist K. Etigo put it, "the take over of small enterprises by larger ones was partially replaced by grouping and the merger of the biggest ones, by the establishment of inter-monopoly blocs centred round commercial banks or in the form of combines." The wave of mergers and takeovers was rising little by little, matching the development of integration processes in Western Europe which created new conditions of international competition for the Japanese monopolies. The number of registered mergers grew as follows: 747 in 1951-1960; 812 in 1961-1965; 871 in 1966; 995 in 1967.[1] But

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[1] *Keizai hakusyo*, 1968, Part I, p. 144.

a mere 3 to 4% of the mergers fall to the share of companies with a capital of more than Y1,000 million. There is also an increase in the number of bankruptcies: from 1,100-1,700 annually in 1956-1960 to more than 6,000 annually after 1965.

The statistics of mergers and bankruptcies are indicative, for the most part, of processes in the small and medium business sphere. In recent years, however, mergers have been observed at the very top of Japanese private enterprise: those of huge engineering companies, (three Mitsibishi firms), ship builders (Ishikawajima, Harima and Kura) and automobile manufacturers (Nissan, Prince, Isyzy and Fuji). In 1969 the merger of the iron and steel giants Yawata Seitetsu and Fuji Seitetsu was approved. Their combined capacity (65 million tons of steel) will be second only to that of US Steel.

The mergers at the level of the biggest firms, carried out under the slogan of adaptation to the new conditions of competition in the world capitalist market, are changing the balance of forces among the Japanese monopolies and raise them to the level of monopoly giants of international stature. Between 1964 and 1969 the number of Japanese firms reckoned among the 200 biggest companies outside the United States rose from 34 to 45, with the electrical engineering concern Hitachi, placed among the top ten.[1] These mergers take place with the direct participation of the state apparatus and give rise to sharp conflicts between separate units of the government's bureaucratic machine.

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[1] *Fortune*, August 1965, August 15, 1969.

THE MONOPOLIES AND THE STATE

State intervention in the economy has accompanied the development of Japanese capitalism since the birth of modern industry. But the process of monopoly capitalism entering its state-monopoly stage started in Japan later than in Western Europe. Just as in other countries, the development of capitalism in Japan "has moved forward from capitalism to imperialism, from monopoly to state control".[1] In the period of war economy (1936-1945) there emerged a diversified system of state-monopoly regulation of economic affairs. In the postwar years, state-monopoly capitalism became the principal instrument for the adaptation of the Japanese monopoly bourgeoisie to the new internal and external conditions of existence.

The objectives, forms and methods of state intervention have undergone a series of essential changes. As distinct from a number of West European countries, what was conducted in Japan after the war was not nationalization, but, on the contrary, denationalization of key industries (iron and steel, engineering, power), with the state retaining managerial functions only in the credit, transport and communications spheres and also in the infrastructure. After the abandonment of methods of wartime control, state regulation of the economy was based on a system of preferences and numerous forms of selective encouragement.

Until the beginning the 1960s the general task of long-range regulation was to stimulate ac-

[1] Lenin. *Coll. Works*, Vol. 24, p. 240.

cumulation of capital. Precisely this purpose was served by a system of tax reliefs and priority financing, through state credit institutions, of such industries as the power, iron-and-steel, shipbuilding and the merchant marine—all this within the framework of several long-term "rationalization programmes". These measures were supplemented by rigid control over foreign trade (a system of special allocations from a centralized foreign currency budget for most commercial import transactions) and with a no less rigid regime for foreign investors (their participation in the share capital of Japanese companies was limited to 10-15% and required special permission which could be obtained only after a highly involved bureaucratic procedure). The state administration employed this system to balance the privileges of distinct financial groups, which, of course, did not rule out keen rivalry among them for state favours, for influential posts in the administrative apparatus.

The 1950s witnessed the emergence of a new form of direct state intervention in the process of concentration which functions to this day. It is guidance over the establishment of sectoral cartels, which spring up behind the façade of "anti-crisis" measures but are actually used for long-term coordination of the volume of production and capital construction. The several dozen "legal" cartel agreements are supplemented with numerous "clandestine" ones.

In the early 1960 under the combined pressure of the United States and the West European powers, the Japanese government abolished currency regulation of a considerable portion of foreign trade and introduced partial convertibility

of the yen. The "liberalization" of foreign trade was conducted in several stages, and its time limits were fiercely fought over by the businessmen concerned who were loath to part with the protectionist regime. However, far from undermining the positions of the Japanese monopolies on the world capitalist market, this "liberalization" showed that the elimination of the "green house" climate accorded with their own striving to reduce production costs. In 1966-1967, also under pressure from without, the Japanese government started lifting, step by step, restrictions on the import of foreign capital.

Formerly the import of capital into Japan was carried out primarily in the form of agreements on the purchase of technical information, owing to which the Japanese monopolies were able to hasten the closing of the technological gap. Foreign loan capital served as merely an additional source of financing accumulations. Private investments in shares were usually made jointly by several Japanese firms, which thus guaranteed themselves against foreign control.

The prospect of formidable foreign rivals confronting Japanese companies on their own internal market in the near future speeded up the reshaping of the monopoly capital of Japan. In 1967, during the drafting of the programme of "liberalization of foreign investments, Taizo Ishizaka, chairman of the Federation of Economic Organizations, the largest union of Japanese proprietors, stressed that this programme was "not capitulation... but a measure conforming to the task of augmenting the competitive value of Japanese commodities that faces the business world, and a major stimulus to the further development

of industry". Accelerated centralization of capital became the top-priority objective of long-range state regulation.

In the sphere of monopoly enterprise the Ministry of Foreign Trade and Industry, the Ministry of Finance and other government institutions act as coordinating centres during mergers, selecting partners and providing mediation in talks between companies. Exercising control over the establishment of jointly-owned enterprises, the Ministry of Foreign Trade and Industry coordinates the programmes of private investments in the fixed capital and in some instances even determines the size of new production units. It also undertakes to conduct long-term coordination (up to 1975) of scientific research, a field in which Japan has yet to catch up with the other countries of advanced capitalism. Besides, acting on the strength of the "Basic Law" on small business adopted in 1963, state agencies encourage compulsory selection of small firms for purposes of "modernization", which accelerates the liquidation of unprofitable enterprises.

The methods, legal norms and extent of state intervention in the process of centralizing capital are objects of unceasing and keen struggle between groups of the monopoly bourgeoisie and between various state economic administrative institutions. The present-day Japanese reality bears out once again Lenin's thesis that monopoly does not remove competition but gives it a more acute and fierce character.

Currently the Ministry of Foreign Trade and Industry heads the campaign for a revision of the old "anti-monopoly" laws, even to the point of restoring holding companies. The Mi-

nistry of Finance and the Economic Planning Board fear that these measures would entail a rise in prices of mass-produced goods of large-scale industry (steel, oil products, etc.), which would raise the general level of prices and weaken the position of the Japanese monopolies on the world capitalist market. The attitude of the monopoly bourgeoisie towards increasing state intervention is highly contradictory. A major contributing factor is that, as admitted by experts from the Economic Planning Board, the problem of the "anti-monopoly" legislation in Japan is "an eminently political problem... which in the public eye has the colouring of struggle for the democratization of the economy".

The changed character of the objectives of state intervention affected the content of long-term economic development programmes, the elaboration of which has been going on for twenty years. Prior to 1960 they had been little more than general recommendations regarding tasks connected first with economic rehabilitation and then with reducing the considerable unemployment, stepping up the development of key sectors and balancing external accounts. The general protectionist tenor of state intervention in the economy found expression in the goal of attaining "economic independence".[1] In these programmes the separate aspects of the government's economic policy were not yet interrelated and coordinated.

A comprehensive formulation of long-term tasks of state intervention in the economy was

[1] The official designation of two programmes (1951 and 1956).

first contained in the "ten-year plan for doubling the national income" (1961-1970) adopted by the Ikeda cabinet at the end of 1960. It envisaged: stimulation of technological progress to enhance the competitive power of the Japanese industry on world markets; acceleration of concentration and specialization of production, centralization of capital, modernization of technically backward small enterprises in town and countryside, elimination of the disproportion between the level of productive facilities and the state of the infrastructure.

The "plan for doubling the national income" was designed primarily for hastening economic growth; the objective of stabilizing the economic situation was thus relegated to the background. A detailed forecast of basic economic proportions and of the structure of industrial production was worked out. The plan indicated a new range of priority sectors—industrial equipment, electrical engineering, electronics, automobile building, high molecular chemistry—for which mass production and specialization were of particular importance.

The obvious aim of the "plan for doubling the national income", adopted in an atmosphere which has not cooled down since fight against the Japanese-American "mutual security treaty", was to divert the masses from political struggle, to allay the social tension. The proclamation of an economic policy holding out the prospect of full employment and growth of incomes and living standards was to impress the broadest strata of society.

The Ikeda plan was elaborated in a situation marked by struggle between spokesmen of diffe-

rent groups of the monopoly bourgeoisie and government agencies over the extent and limits of state intervention, and adopted at the time of particularly extensive technical renovation and mass construction of new enterprises. The actual rates of economic growth exceeded the planned ones, but disproportions arise between the demand for imported raw materials and the balance of payments, between the rates of development of different industries, between the growth of labour-intensive branches and the supply of labour power, and also between the state of production facilities and the infrastructure. This found concentrated expression in the growth of prices which, as the prominent economist T. Nakamura put it, became this plan's "death warrant".

The fate of the Ikeda plan, which was shelved at the end of 1964, shows the inadequacy of state-monopoly methods of regulating the anarchy of capitalist economy. Thus Japanese reality confirms the Marxist-Leninist proposition that "state-monopoly regulation, exercised in forms and on a scale which meet the interests of monopoly capital and are aimed at preserving its rule, is unable to control the spontaneous forces of the capitalist market." [1]

In explaining these disproportions, both official publications and bourgeois economic literature tend to overstress the influence of economic programming on competition in the monopoly sector. To describe this influence a special term was even devised—"announcement effect". It consists in the following: after the publication

[1] *International Meeting of Communist and Workers' Parties. Moscow 1969.* Prague, 1969, p. 19.

of the state programme, worked out with due account of the capital investment plans of the biggest companies, the sectoral indicators of the programme are regarded by the companies as minimum targets for their actual capital investments. From this the conclusion is drawn on the need for greater state intervention so as to establish a "new order" in the economy and remove "excessive competition" in the investment sphere.

Seeking to surmount the economic difficulties, the Japanese monopolies let themselves in for greater state intervention, which even included instances of government bodies directly influencing the drafting and realization of programmes of investment in fixed capital. In 1964 the law was adopted "on encouraging some sectors" found not to be competitive enough (automobile manufacture, alloy steel and aluminium production, petrochemicals). In these branches all agreements between companies on quantitative limitation of production, standardization of products, coordination of programmes, capital construction time-limits, joint orders and coordinated utilization of capacity are subject to approval by government institutions.

The long-term programmes that succeeded the Ikeda plan—the "intermediate plan" (1964-1968) and the "economic and social development programme" (1967-1971)—are characterized by greater state intervention in the spontaneous processes of concentration and centralization of capital. The stimulation of these processes and the maintenance of monopoly prices, strengthening inflationary trends, run counter to other, more general tasks of programming, such as ba-

lanced growth and higher competitive value of Japanese commodities on world markets.

Throughout the past ten years the Japanese leaders have pursued a policy of accelerating economic growth. The goal proclaimed in their long-term economic programmes is to catch up with the main imperialist powers. According to official forecasts, Japan, with a population equalling half that of the United States, will reach the present-day GNP volume of the United States towards the beginning of the next century and the US per capita level already in 1990. [1] Moreover, there is talk to the effect that if the 19th century was "the century of the British Empire" and the 20th, "the American century", the 21st century will be the "century of Japan". Experts from the Economic Planning Board declare confidently that "Japanese economic strength has sufficient possibilities for achieving the American level".

This assertion, which bourgeois propaganda usually presents as "the goal of the nation", expresses the economic expansion programme of Japanese monopoly capital today. It also has an internal socio-political purpose.

Japan is known the world over as a country where sharp class battles take place. Its multi-

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[1] The official long-term forecasts of economic development proceed from an average annual rate of 8% (the actual rate in 1961-1967 exceeded 10%). Private experts are more optimistic. The Economic Research Centre holds, for instance, that given utilization of "latent possibilities" the Japanese economy can advance at a rate of 11 to 12% and attain the present-day West European level in 1975 and the American one in 1980. (*The Nihon Keizai Shimbun*, International Weekly Edition, September 16, 1969).

million-strong proletariat organized in powerful trade unions constitutes a great force. The trade union movement has rich experience of struggle for higher wages, against capitalist "rationalization". One sign of the success of the working people in the fight for their vital interests is that as a result of their spring strikes alone they win every year wage rises of 9 to 13%. The current consolidation of the monopoly bourgeoisie adds urgency to the task of fighting against the rise of prices, for lightening the tax burden, against the employers' drive to turn the trade unions into obedient partners.

The internal purpose of the "goal of the nation" is to encourage nationalist sentiments among the masses, to create the illusion of a "community of aims" between the antagonistic classes in bourgeois society.

INTERNATIONAL POSITIONS

As a result of military defeat, Japan lost all its colonial possessions and investments abroad. Although the export of capital was restarted back in the early 1950s, at the end of 1967 Japanese investments in other countries amounted to a mere \$4,000 million, a very modest figure even compared to the export of West German capital, which also started "from scratch" but now totals more than \$13,000 million. Of this \$4,000 million, short-term export credits underwritten by the government make up more than half (about \$2,200 million). Long-term investments now stand at \$1,548 million, with \$655 million in the form of loans and \$893 million as

direct investments. A considerable part of the long-term credits and loans is comprised of reparation payments to Burma, Indonesia and other Southeast Asian countries which are officially classified as "economic cooperation".

To present-day Japan the export of capital is an effective means of stimulating the export of goods and the import of raw materials. About 70% of direct investments have been made in the construction of enterprises in developing countries, primarily in the extractive and timber industries. Japan receives much of its oil from concessions in Saudi Arabia and Indonesia, bauxites and timber from the Philippines, iron and copper ore from Malaysia and Australia. In the 1960s Japanese companies began setting up manufacturing enterprises in India, Pakistan and South Korea, where labour power is much cheaper.

Japan is yet to achieve a significant international standing as a creditor, although its participation in the establishment of the Asian Bank for Development (1966) was accompanied by a noisy semi-official campaign to publicize the new role of the country as a creditor equal to the United States and as an assitant of Southeast Asian countries in implementing their economic programmes. In 1957 the Prime Minister, Kishi, came forward with a project for a Far Eastern regional economic bloc based on Japanese technical skill, American capital and local manpower and material resources. In subsequent years the striving of the Japanese ruling circles to play a more independent role in the Far East and Southeast Asia further increased. So far, however, the sustained effort to build a regional economic

bloc headed by Japan has not been crowned with success. In addition to the complicated political situation in that part of the world, the realization of Japan's expansionist plans has been impeded by such economic factors as the strained situation on the domestic money market and the limited importance of the yen as an international currency. Evidently, Japan's more active participation in the international capital complex is a matter for the future.

The principal role in the current external economic expansion of Japan is played by export. In 1968 Japan accounted for 6.2% of total export by the capitalist countries and about 10% of the export of finished industrial products. The export quota of Japanese manufacturing industry is about 20%. The possibilities for external commercial expansion of the Japanese monopolies stem primarily from a combination of cheap labour power and a high degree of renovation of production facilities.[1] The "youthfulness" of the production apparatus is a great advantage for the Japanese monopolies, which are now seriously challenging their American and West European competitors not only in developing countries but even on their own domestic markets. Throughout the postwar period about one-third of Japan's foreign trade has been with the United States. The character of Japanese—American commercial relations has long since ceased conforming to the formula of Japan's "one-sided economic dependence" on the United States.

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[1] In 1965 the average age of the fixed capital of Japanese monopolies was 5.4 years; equipment more than 15 years old was scrapped. (Kizo Abe. Nihon-no Kokufu *The National Wealth of Japan).* Tokyo, 1968, p. 57.

It would be more correct to speak now of a protracted trade war with ever less frequent concessions on the part of Japan. In August 1969 Japan flatly refused to restrict the export of textiles to the United States and postponed the "liberalization" of the import of agricultural goods till 1971.

Concurrently with the restoration and consolidation of the power of monopoly capital of Japan its rulers have regained much of their independence and become a strong and sovereign partner in the Japanese-American alliance. In this respect the new balance of power in the Far East bears a certain resemblance to the changes in the balance of forces between Western Europe and America (with the important difference that Japan is the *only* imperialist country in that part of the world). At present Japanese monopoly capital sees in the military and political alliance with the United States a means of strengthening its own positions. The contradictions between the two countries exist within the bloc, without undermining its foundations, and this bloc continues to determine Japan's stand on major international issues.

It is a matter of common knowledge that the proclamation of Japan's "neutrality" in the Vietnamese war has not prevented its companies from cashing in on military deliveries. "Linked by many ties with US imperialism, the ruling circles of Japan have virtually turned the country into a US arsenal in the war against the Vietnamese people, and take part in conspiracies against the Korean People."[1] It is indicative,

[1] *International Conference of Communist and Workers' Parties*. Moscow 1969. Prague, 1969, p. 17.

however, that in planning further expansion and build-up of the military potential Japan's rulers are counting on a weakening of the positions of their imperialist rivals.

"Far be it from us to support militarism," assures Fujii, Vice-President of Yawata. "But consider this: America has burned its fingers in Vietnam. Britain, for financial reasons, will begin, after 1971, the pullout of its troops from the east of Suez. And then a kind of vacuum will appear in Southeast Asia. In this case one won't be able to feel secure, not knowing what will happen, when, and where."

In Japan, which has lived through Hiroshima and Nagasaki, the anti-war sentiment is very strong. Despite this, the rulers have far-flung plans for putting the country on a military basis. "After the return of Okinawa," Prime Minister Sato says, "Japan will have to prepare, relying on its economic might, for playing the principal role in Asia, having taken over after the United States. . . . The time has come to create a defence potential commensurate with our national power."

Leaders close to the ruling party are toying with the idea of replacing the "mutual security treaty" with a more equal "treaty of friendship" and refusing American military "aid". It presents no great technical or material difficulty for Japan to start the mass output of the latest weapons, nuclear ones included. Such a step would signify the re-emergence of Japan as an independent military power.

Japan's military and political alliance with the United States is the epitome of the contradictory unity of elements of dependence and independence which is so characteristic of relations bet-

ween leading imperialist powers. Each partner is interested in the alliance only in as far as it suits its own interests. So far Japan cannot do without the United States which, in turn, would like this military and political alliance to remain one of the pillars of the system of US domination of Southeast Asia and the Pacific. Japanese monopoly capital is growing stronger and it wants a more independent role in world politics and is increasingly resentful of any infringement of its interests.

Leviathans of the Capitalist World

TRANS-NATIONAL MONOPOLIES TODAY AND TOMORROW

R. OVINNIKOV

In recent years the attention of research workers has been increasingly attracted by important structural changes taking place in the complex of the big capitalist monopolies.

Several dozen giants have shot ahead of the others and spread their tentacles to other countries and even whole continents. The literature devoted to them is growing by leaps and bounds. "International", "global", "supranational", "multinational" or "trans-national" are some of the terms used to describe them.

Most of these definitions ("global", "international", etc.) are too general and not descriptive enough of the essentially new character of the phenomenon, for many large companies operated

on an international scale formerly as well. Other definitions, such as "supranational" or "multinational", create the false impression of a progressive erosion of strict national control over these monopolies and of their virtual transformation into the "common property" of the capitalists of many countries. Some bourgeois authors go even further, maintaining that the burgeoning of "multinational" monopolies contains a "built-in deterrent to international conflict" in the capitalist world because it creates "industrial interties which cannot be broken as easily as the flow of trade".[1]

Naturally, monopolies which go beyond the confines of one capitalist country and invade the economic structure of other capitalist countries to mobilize capital, frequently attract the money of "alien" investors and establish ties linking whole groups of capitalist states. But the nature of this phenomenon is far removed from the idyllic picture of the amicable amalgamation of different national capital.

It would, probably, be nearer the truth to describe such monopolies as trans-national. This term conveys the idea that these companies operate abroad without losing their national character.

Now, what distinguishes the trans-national monopolies from their predecessors?

PRINCIPAL FEATURES

In the first place, the trans-national monopolies of today are really and truly gigantic in size.

[1] *International Economics and Business. Selected Readings.* Boston, 1968, p. 307.

The largest of them are economically more powerful than many capitalist states. In 1967 the net annual turnover of General Motors exceeded the gross national product of 110 out of the 124 UN member-states[1] (now 112 out of 126). Such concentration of economic power in the hands of private capitalist corporations will bring about further changes in the relationship between monopolies and the state in the direction of increasing the freedom of action of the former.

The trans-national monopolies are companies for which the internal national market has become just another sector of the world market, and for which external markets play an ever increasing and in some instances the principal role.

According to Business International, an American company specializing in research and forecasting for monopolies, already 22 of the biggest American corporations, among them such well-known ones as Standard Oil of New Jersey, Colgate-Palmolive and Singer, receive more than half of their profits abroad.[2] And Business International contributes this opinion: "The firm that sets intelligent, world-wide goals and strives energetically to attain them will be among the leading corporations 20 years hence. The firm that fails to think world-wide and to allocate its resources for the world-wide battle will in most cases be destined to oblivion." Business International expects that by 1980 the American companies getting the lion's share of their profits

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[1] *War Peace Report*, October, 1968, p. 3.

[2] *Corporate Planning Today for Tomorrow's World Market*. Business International, June 1964. Introduction.

abroad will comprise "a large percentage" of the biggest American corporations. [1]

Another characteristic of the trans-national monopolies is that they embody a further stage in the evolution of world capitalist economic processes: from the "pure" export of commodities through the export of capital to the actual transplantation of some of their production facilities to other countries. This form of export has logically and historically evolved from the export of capital as the direct capital investments of capitalist monopolies abroad have been made in factories and other industrial enterprises in foreign countries.

An important feature of the activity of the trans-national monopolies is that their transactions—foreign in form but intra-corporate in essence—with their foreign subsidiaries make up a substantial part of the commodity turnover of the "host" countries. For example, in recent years $6,000 million dollars' worth (about a quarter) of US exports and $5,000 million dollars' worth (also about a quarter) of US imports represented nothing else but intra-departmental deliveries between subsidiaries of American "international" companies. [2] In Britain intra-corporate deliveries reach 22% of the exports. [3]

On the whole, a trans-national monopoly is the product and an essential part of the trend towards internationalization of production that is on the rise in the capitalist world economy. "The time of international production is upon us," the

[1] Corporate Planning Today for Tomorrow's World Market. Business International, June 1964, Introduction.

[2] *The Financial Times.* June 26, 1968.

[3] *Ibid.*, December 18, 1968.

American magazine *Interplay* annunciates, "and its instrument is the international corporation."[1]

As a matter of fact, there is nothing fundamentally new about this trend, with the exception that at this present stage it has progressed far enough, primarily due to the scientific and technological revolution's impact on the means of production. This trend was pointed out, in his time, by Lenin, who stressed its inherent contradictions: "There is no doubt that the trend of development is *towards* a single world trust absorbing all enterprises without exception and all states without exception. But this development proceeds in such circumstances, at such a pace, through such contradictions, conflicts and upheavals—not only economic but political, national, etc.—that inevitably imperialism will burst and capitalism will be transformed into its opposite *long before* one world trust materializes, before the "ultra-imperialist", world-wide amalgamation of national finance capitals takes place."[2]

The incompatibility of the aims which different trans-national monopolies set themselves, stemming from the profound differences in the economic interests of the principal imperialist powers, makes these monopolies the source of gigantic clashes unprecedented in the history of capitalist competition.

Antagonistic contradictions between trans-national monopolies are one of the main factors working against the efforts of the bourgeois governments, dictated by class instinct, to ensure the stability of the capitalist world in the social,

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[1] *Interplay*, November 1968, p. 15.

[2] Lenin. *Coll. Works*, Vol. 22, p. 107.

political and other respects. The rapacious, plunderous character of these monopolies substantiates Lenin's proposition that under capitalism there can be no method of dividing the world among capitalism other than "in proportion to strength". This, Lenin pointed out, is the main thing, for "in order to understand what is taking place, it is necessary to know what questions are settled by the changes in strength. The question as to whether these changes are 'purely' economic or *non*-economic (e.g., military) is a secondary one".[1] In the case of the trans-national monopolies we are witnessing one of the most important forms of intensification of inter-imperialist rivalry of a "purely" economic character.

TOOLS OF US IMPERIALISM

Historically, the first trans-national monopolies evolved from such West European companies as Royal Dutch-Shell, Unilever and Philips. American monopolies because of their large domestic market did not feel for a long time any particular need for markets abroad.

However, after the Second World War and especially in the last decade the increased production capacities made massive seizure of external markets an economic necessity and, on the other hand, constituted a powerful base from which American corporations fought for these markets "from positions of strength". As a result, although the big American monopolies were very late in joining the inter-imperialist race for

[1] Lenin. *Coll. Works*, Vol. 22, p. 253.

world markets, "in recent years it is the Americans who have made the running".[1] George Ball, American banker and diplomat, was even more outspoken in formulating this proposition: "...The multi-national corporation, or one with world-wide operations and markets, is a distinctly American development."[2] The trans-national monopolies today are first and foremost American giant corporations which have crossed state frontiers and oceans.

The network of industrial enterprises of the American trans-national monopolies operating abroad constitutes, in effect, the "fifth column" in the economy of the advanced capitalist countries and first of all those of Western Europe. The annual output of the foreign subsidiaries of American corporations in 1966 was tentatively assessed at $110-165 million. Towards the beginning of 1969 it had grown to $200 million (according to K. Phillips, president of the American department of the International Chamber of Commerce), and by 1972 it will have reached $275 million, six times the estimated value of US commodity export in those respective years. Characteristically, as recently as 1958 the sales of the foreign branches of American monopolies exceeded US export of commodities by a mere 50%. The branches and subsidiaries of American corporations have become the principal channel through which US monopoly capital directly influences the economy of the capitalist world. "The US monopolies have penetrated the economy of dozens of countries, where they are

[1] *The Financial Times*, January 6, 1966.
[2] *The New York Times*, May 6, 1967.

increasing their capital investments and seeking to gain control of key positions in the economy," the 1969 Conference of Communist and Workers' Parties pointed out.

The definite tasks of enterprises financed and controlled from the United States are basically part of, and closely coordinated with the aims of the parent companies. The President of the Monsanto Chemical operating in Britain openly declared, for instance, that the increase in his company's imports from Britain was and would remain directly dependent on the programme of struggle for world markets projected by the US parent company.[1] In fact, it is precisely, in order to ensure that their foreign subsidiaries unconditionally carry out decisions from "headquarters" that the American monopolies retain full control over the former, and whenever possible, keep the "native" investors from participation in capital investment or at most tolerating this as a secondary contribution and a transitional stage towards establishment of full control.

A similar policy of subordinating the activity of foreign subsidiaries to the strategy of the parent company is pursued by the West European trans-national monopolies. Ernest G. Woodroofe, Vice-President of the British firm Unilever, one of the Siamese twins of the Anglo-Dutch concern, stressed that the actions of every official of any section of the company were always undertaken "within the context of an overall Unilever way of doing things—a business philosophy."[2]

Anyhow, American corporations unquestionably

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[1] *The Financial Times,* September 5, 1964.
[2] *The Times,* November 4, 1968.

occupy dominant positions among the trans-national companies. According to *The Economist*, there are 30 American and 26 non-American (West European and Japanese) companies among the "international" corporations, but the American corporations are, on the average, five times bigger than the leading British and West German monopolies and ten times bigger than the French ones."[1]

The decisions of the American trans-national monopolies which relate to production (where and what to build, what to import and export, etc.) actually determine many of the essential features in the economic policy of the "host" countries. More often than not, the governments concerned can do little more than put on record the wishes of the American company. Here are some examples.

Some time ago General Motors ruled that its Australian subsidiary should not export cars to Japan, leaving the Japanese market at the disposal of the General Motors plants in California. This decision put Australia in a position where it could not sell its only competitive car in Japan at a time when Japanese models were flooding the Australian market.

Ford Motor, for its part, planned in 1966 to build an automobile plant in France, but, dissatisfied with the terms offered, broke off negotiations and decided to build it in Belgium. All subsequent offers of better terms by the French side were in vain, and so was the visit of a special French representative to Detroit, the headquarters of the

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[1] *International Economics and Business, Selected Readings.* Boston, 1968, pp. 78-79.

American company. Ford refused to renew the talks. Equally futile were the efforts of the West German government to talk Ford out of its decision to stop the export to the United States of cars manufactured by its subsidiary in West Germany and export there, instead, cars made by its British branch. A similar operation, in reverse, was carried out by General Motors, which started exporting its cars to the United States from West Germany instead of from Britain.

It is clear then that these practices of the American trans-national monopolies, aimed at subordinating the activity of their foreign subsidiaries to the interests of a single strategy, lead to serious general economic and political consequences.

The countries in which American companies have taken root are finding themselves unable to plan and carry out independently many vitally important economic measures. These are invariably, in some way or other, modified under the impact of decisions adopted thousands of miles away by some American company board. The strong positions acquired by these corporations in the economic affairs of the capitalist countries concerned aim, on the whole, to tie these countries to the US economy. Lastly, in so far as the transnational monopolies constitute an organic part of the structure of American imperialism, their activity is an expression of its economic and political ambitions. By virtue of the logic of things, *Interplay* comments, "the American government is bound to regard them as part of its network of influence... in the world." [1] But there is also the reverse side of the medal, also openly

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[1] *Interplay*, November 1968, p. 51.

pointed to by bourgeois authors. None of these corporations, they note, "could be sure of lasting long overseas without the presence, at least in the background, of the strong arm of the United States,"[1] i.e., the entire complex of power of US imperialism, its state apparatus included.

The trans-national monopolies can be said to express a new trend among the largest aggregations of capital, to go over from the present form of organization of the capitalist world economy, based on a system of national states, to a form based on industrial empires of global dimensions. It is from this angle that we should view the thesis, put forward by the biggest American corporations, that "national boundaries inhibit" rationalization of production, that it is necessary to "adapt the political structure" of the capitalist world to the requirements of the trans-national monopolies, to "balance the responsibilities" of these monopolies and of the governments. And in view of the unchallenged domination of American companies among the trans-national corporations, in regard to both number and strength, we can say that statements of this kind are fully in line with the striving of US monopoly capital and US imperialism for world domination.

MOBILIZATION OF FORCES OF IMPERIALIST COMPETITORS OF THE UNITED STATES

In face of the mounting offensive of American capital on the world market and of its colossal

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[1] R. Blough. *International Business: Environment and Adaptation.* New York, 1966, p. 339.

total strength some companies, even leading ones, in other capitalist countries "crack up" and cry for mercy. Having surrendered at discretion, they hope to get more in compensation than in profits they would have retained after a head-on collision with an economically stronger adversary. This attitude is conspicuous, for instance, among British monopolies, many of which have long since engaged in "competitive cooperation" with American capital, and are relatively content with their position of junior partner. (It should be noted, that this is not the prevalent trend). Even less willing to yield to the claims of American capital are the major West European and Japanese industrial corporations.

Organizationally, their tough resistance to the American trans-national corporations takes two main forms: intensification of the activity of their own trans-national giants, if any, and attempts to create new colossal aggregations of economic power—both on a national basis and by means of closing the ranks in the face of a common enemy.

A typical specimen of the "old" trans-national monopoly in Europe is the Anglo-Dutch oil giant Royal Dutch-Shell. Possessing a vast network (over 500) of prospecting, extracting, shipping, refining, chemical, marketing and other subsidiaries in more than 80 capitalist countries, it wages a fierce competitive struggle with the American oil trusts.

The activity of Royal Dutch-Shell is marked, on the whole, with the same aggressiveness and "egocentricity" as that of the American trans-national monsters. For instance, at the end of 1963 it did not hesitate to allocate about £80 mil-

lion for the purchase of the controlling interest in the Italian Montecatini, although this operation hit hard at the British government's attempts to balance the country's payments (later on, in 1966, these shares were sold). On the eve of 1969 Royal Dutch-Shell, which had decided to build a new chemical complex in Western Europe, provoked a sharp fight between the Dutch and Belgian governments for the right to build this complex in their countries. This proposal, as *The Times* wrote, caused competition between the two governments; so the terms offered to Royal Dutch-Shell from both sides were becoming "increasingly attractive". Finally the company resolved to build this complex, in which it intends to invest up to 100 million, in the Netherlands.

Just as in the case of the American monopolies, the West European trans-national corporations provide a major base of support for the general imperialist policies of the West European states. For instance, during the difficulties with oil deliveries resulting from Israeli aggression against Arab countries in June 1967 and the blocking of the Suez Canal the Dutch government played a significant and far greater than usual role in the international talks on oil distribution exclusively on the strength of the important positions occupied by Royal Dutch-Shell.

Rio Tinto-Zinc, controlled by the British Rothschilds, can be mentioned as a monopoly of lesser dimensions but also trans-national in the character of its operations. It holds 39% of its assets in Australia, 25% in North America (primarily in Canada), 18% in Africa (mostly in South Africa), and 15% in Britain. Being much less powerful than American monopolies, RTZ is compelled to

tolerate, in the interest of attracting investment, the participation of local business in its capital. Nevertheless, RTZ in many respects is a model on how "to combine business with politics". Not long ago the Confederation of British Industry, the central organization of British monopolies eulogized RTZ, which in the early 1950s seized control of uranium ore reserves "which exceed those controlled by any other company or Government agency in the western world".[1]

But all these and many other non-American "old" trans-national companies have an obvious weakness in operating predominantly in the extractive and not manufacturing industry, which makes them very sensitive to fluctuations of world prices of raw materials. They keep a large part of their assets in developing countries, where the lack of "sufficient political stability" and the lower economic growth-rates also place them at a disadvantage. All told, the old European trans-national companies do not seem to have a strong enough base to win in global competition with the American giants.

That is one of the principal reasons why the main stake of the West European capitalists in the fight for world markets has increasingly shifted to the sphere of concentration and centralization of capital in the manufacturing industry of West European countries.

In this respect, 1967 and 1968 were unprecedented for their number of mergers in Western Europe. This "megalomania", as *The Financial Times* called it, encouraged in every way by the

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[1] *Confederation of British Industry. Overseas Investment—Why and How.* London, 1967, p. 13.

governments, is particularly conspicuous in the chemical, automobile, aviation, steel and electrical engineering industries.

Most of the mergers in Western Europe have been taking place so far at the national level (reorganization of the steel and chemical industries in West Germany; the merger of the biggest electrical engineering companies in Britain; concentration in the chemical and steel industries of France, etc.). But there is also a different trend which has been gaining strength within the framework of the Common Market: the regroupment of monopoly forces ultimately leading to the emergence of economic giants based on the whole market and capital of the EEC countries. The number of instances of inter-penetration of West European monopolies (exchange of shares, mergers, takeovers or acquisitions, establishment of commonly-owned branches, agreements between enterprises) rose from 300 in 1963 to about 1,000 in 1967. [1]

It is true that the integration processes in Western Europe as expressed in the growing interlocking of interests of the monopolies of the "Six" have much more complex reasons than a mere consolidation of the common positions of these monopolies vis-a-vis the American competitors. Nevertheless, the latter factor may prove to be in certain measure a key one. The rate of penetration of American trans-national monopolies into the West European economics remains, on the whole, faster than that of the concentration of capital in these countries themselves. Therefore, some West European researchers think, "a Euro-

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[1] *Le Monde diplomatique*, novembre 1968, p. 2.

pean break-away is possible if it does not come too late". Otherwise Western Europe may find itself under the "iron heel" of the expanding American trans-national monopolies.

To all appearance West European magnates do not intend to become underlings of American Big Business: "...Attitudes have hardened towards US 'takeovers' of European companies. No longer is American capital welcomed with open arms on any terms." [1] The present mood in Western Europe differs sharply from the initial stand of West European companies, when, for instance, a special Franco-American committee was set up in France (1959) to facilitate the establishment of branches of American companies in the country, and when West German bankers and businessmen too were anxious to find new possibilities for American investors.

Today the situation is different. Both the British monopolies, which are straining to get into the Common Market, and their continental counterparts see in the pooling of their efforts a way of not only stopping the onslaught of American trans-national corporations but of countering them with an equally powerful front. "We want Europe-wide industries," declared John Davies, general director of the Confederation of British Industry. "This way we can keep the Americans on their toes by competitive means." [2]

The trend is, therefore, towards blocking the American trans-national monopolies by equally strong West European industrial giants.

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[1] *US News & World Report*, December 2, 1968, p. 45.
[2] *Daily Express*, December 11, 1968.

The unprecedentedly extensive process of concentration of capital, the development of the largest imperialist monopolies into trans-national monsters seeking to crush not only separate countries but the whole capitalist system of states give a new dimension to the problem of relationships between private capitalist monopolies and the bourgeois state.

The postwar period witnessed a certain intensification of the "regulating" role of the state in a whole number of capitalist countries. This process is to be observed now as well. But it is important to note one underlying factor: at a certain stage monopoly capital became objectively interested in utilizing the bourgeois state for stepping up what it regarded as a necessary reorganization in the economic sphere and creating more favourable political conditions for further expansion. It seems likely that in the future—at least from the viewpoint of the largest capitalist corporations—the interests of monopoly capital may require a reverse process, namely, placing the activity of the bourgeois state within more narrow and strictly defined limits, all the more so since the very period of the "regulating" role of the bourgeois state was used by the monopolies above all for consolidating their dominating influence on the machinery of state. This process will hardly go smoothly. It would be logical to suppose that the state, as the spokesman for the interests of the bourgeoisie as a class, will try to resist, in the name of these common interests, the efforts of individual monopolies, even the biggest, to free themselves from any control whatsoever.

Nevertheless, it remains a fact that today mammoth monopolies have grown up on such a scale that the "intervention of ministers or bureaucrats", as the leading American economist J. K. Galbraith put it, often becomes a hindrance to them, because such monopolies have turned into real autarchies.[1]

Of interest, in this connection, is the research work into the results and further prospects of the growth of the role of monopolies in the United States, conducted by the American corporation Business International. This work was intended for the information of the large American monopolies, and by virtue of its "businesslike" approach it is free from the social demagogy typical of most publications designed for general consumption. "The people," it points out, "have lost much of their power to control the government in spite of the ever-more pronounced deference to the will of the majority... On the other hand, the government, in spite of an unprecedented accumulation of power in its hands, has likewise lost much of its ability to influence events. . . . The decline in the power of the government is the result of. . . the feudalism of the concentration of private power.[2]

Business International's forecasts on the development of this trend in the next two decades is rather curious: "Concentration of economic power in private hands. . . is certain to make itself felt; the influence of monopoly management on governmental policy should greatly increase. This,

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[1] *The Financial Times*, December 12, 1966.
[2] *Corporate Planning Today for Tomorrow's World Market.* Business International, June 1964, p. 30.

incidentally, should be true of any automating society—of the US as well as of Western Europe." Ultimately, *Business International* thinks, the interlocking of monopoly and state will reach "the degree that it will not altogether be clear whether large-scale private enterprise is run by the government or the government by private enterprise." [1]

British financial magnates think in much the same terms. John Davies of the Confederation of British Industry, for one, openly favoured replacing the "concept of consultation" of the government with the monopolies "by one of partnership". As he sees it, vital decisions should be adopted at joint sessions of the government and representatives of the largest monopolies—"much as in the case of a board of directors". [2]

If these forecasts are true, the outlook is sinister indeed. Fifteen years hence not more than 600 monopolies are to produce three-fourths of the total industrial output of the capitalist world. [3] Towards 2000 the number of the largest monopolies dominating in the capitalist world is predicted to drop to 200. [4] "The time will come," Prof. J. Houssiaux prophesies, "when a congress of heads of state and leaders of the 200 or 300 industrial empires which will tomorrow control all basic economic activity, will lay down the rules of the future society in which states and giant companies will share management of people and things.... But what diplomacy will be able

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[1] *Ibid.*, p. 35.
[2] *The Three Banks Review*, June 1967, p. 23.
[3] *Le Monde diplomatique*, novembre 1968, p. 2.
[4] *The Financial Times*, June 26, 1968.